

Austria	\$622 Indonesia	Yugoslavia	Croatia	Or 1
Bahrain	\$1,000 Israel	Philippines	Papua New Guinea	Or 149
Belgium	\$1,028 Italy	Portugal	Peru	Or 149
Cyprus	\$1,030 Italy	Lithuania	Costa Rica	Or 149
Denmark	\$1,048 Jordan	Malta	S. Africa	Or 149
Egypt	\$1,050 Jordan	Malta	Angola	Or 149
Finland	\$1,052 Lebanon	Malta	Argentina	Or 149
France	\$1,054 Luxembourg	Latvia	Spain	Or 149
Germany	\$1,055 Malaysia	Nicaragua	Spain	Or 149
Greece	\$1,056 Mexico	Nicaragua	Sweden	Or 149
Hong Kong	\$1,058 Netherlands	Palestine	Turkey	Or 149
Iceland	\$1,058 Nigeria	Morocco	Turkey	Or 149
India	\$1,058 Norway	Morocco	UAE	Or 149

No.30,912

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

GENEVA

US sets a cracking pace for Gatt

Page 5

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World News

Business Summary

Tourist airliner crashes in Greece

An Olympic Aviation airliner flying from Salouki on Cyprus crashed close to mountains on the island of Samos and rescue workers were searching for survivors.

Arms talks progress
US and Soviet differences over how to reduce their strategic nuclear arsenals and on space defence projects have narrowed in "small but significant ways" according to the chief US negotiator. Page 2

AIDS drug success
The AIDS drug Retrovir, developed by the UK pharmaceuticals group Wellcome, significantly slows the progress of the disease according to a US clinical trial. Page 14

US Traders indicted
A US grand jury indicted 46 Chicago commodity traders on fraud and racketeering charges in the culmination of a 30-month-long investigation. Page 15

HK airport plan
Hong Kong's Government is planning to announce plans for a new international airport in the early 1990s which will cost around HK\$60bn (\$7.3m). Page 4

Talks in trouble
A potential agreement between India and Sri Lanka over Indian troop withdrawals from Sri Lanka ran into difficulties. Commodities, Page 26

London bomb blast
One person was killed when an explosion badly damaged the Beverley House hotel in west London amid fears of an attack by the Irish Republican Army on the capital. Page 15

Race protest widens
South African anti-apartheid groups who will extend their disobedience campaign to include segregated schools, parks, swimming pools and mining facilities. Page 4

Cambodian call-up
The Cambodian Government, facing a possible civil war after Vietnam withdraws, has introduced three-year compulsory military service. Page 15

Eurotunnel inquiry
French stock market regulators opened an inquiry into trading in the shares of Eurotunnel just before the Anglo-French consortium confirmed rumours of severe cost overruns. Page 2

Trader mutilated
Anti-terrorist police raided an isolated Italian farm and freed Florence coffee trader Dante Belardinelli whose kidnappers had cut off his ear lobes.

Asylum possible
A senior Interior Ministry official said Hungary might consider granting political asylum to citizens from East Bloc ally East Germany. Page 15

Turkish jail deaths
Two Turkish prisoners died from dehydration in a hunger strike in Aydin, near the Aegean coast, after being moved from the jail at Eskisehir. Page 15

Man bites dog
A man from Hull, on the English east coast, was fined £200 (\$320) by magistrates for biting his next door neighbour's dog. Page 15

MARKETS

STERLING
New York lunchtime: \$1,635
London: \$1,643 (1.6685)
DM3,083 (3.06)
FF-10,400 (10,436)
SF-2,64 (2,6470)
Y223 (226.5)

GOLD
New York Comex Dec \$380.5
London: \$369.5 (369.75)
N SEA OIL (Argus)
Brent 15-day Aug \$17,175 (16.9)

Crude price changes yesterday: Page 27

UK bankers recover \$12m in New York court case

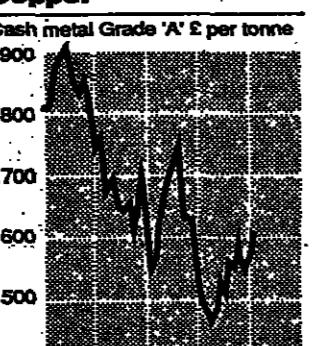
STANDARD Chartered, UK international banking group, has recovered \$12.5m after obtaining a favourable ruling in a closely watched New York court case.

Standard Chartered had received the backing of the British Government, the Bank of England and numerous banking organisations in its fight.

The case arose out of an insider trading scandal involving a Taiwanese dealer alleged to have transferred money to Hong Kong through the Standard Bank's New York branch. Page 3

COPPER prices rose on the London Metal Exchange with the cash quotation closing at £1,505 a tonne up £12 on the day and £42 on the week so far. Dealers said the rise

Copper



was linked to movements on New York's Comex market and currency fluctuations. Commodities, Page 26

WARTSILA, Finnish engineering and shipbuilding group, has begun negotiations with the Finnish Government in an attempt to save its marine division, which is one of the largest shipbuilders in Europe, from bankruptcy. Page 15

US EXPORTS: Two influential Republican senators are developing plans to create a US agency to oversee export control in the hope of ending the bitter inter-agency feuding which has slowed government approval of sensitive high technology exports. Page 5

S.G. WARBURG, a leading British investment bank, was taken by the Takeover Panel, Britain's watchdog on bids and takeovers, for failing to exercise due care when advising its client, William Low, in an abortive bid for fellow food retailer, Budgens. Page 15

Long term Credit Bank of Japan plans to set up a joint venture investment advisory company in the US with the Philadelphia investment management group, Miller, Anderson and Sherman. Page 17

DEUTSCHE BANK, West Germany's biggest bank, announced partial group operating profits of DM1.67bn (\$1bn) in the first six months of this year. Page 15

DAIWA Europe, Japanese securities firm, has formed a London-based subsidiary specialising in European mergers and acquisitions. Page 18

RYDER Systems of the US, world's largest truck leasing company, has entered the regulated West German road transport business. Page 5

YASUDA Trust and Banking, Japanese trust bank and Goldman Sachs, Wall Street investment bank, have forged a co-operation pact in financial futures. Page 18

SUPER 301: 26 Latin American and Caribbean nations have rejected and condemned unilateral sanctions contemplated under the so-called Super 301 provision of the 1988 US trade law. Page 5

BRITISH Airways warned of a "small patch of turbulence" ahead with pre-tax profits of £96m (\$155m). Page 15

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SELLING PRICE IN IRELAND 60p; IN MALTA 40c

Kidnappers freeze death threat to American hostage

By Andrew Gowers in London, Peter Riddell in Washington and Hugh Carnegy in Jerusalem

THE pro-Iranian kidnappers of an American held in Lebanon announced last night that they had "frozen" their threat to execute him in an apparent breakthrough in efforts to resolve the Lebanese hostage crisis.

"We announce the freezing of the execution sentence," said the Revolutionary Justice Organisation, which is believed to be linked to the Shia extremist Hezbollah (Party of God), in a statement sent to Beirut's an-Nahar newspaper.

The statement was accompanied by a polaroid photograph of Mr Joseph Cicippio, the chief accountant of the American University of Beirut, seized on September 12, 1986.

The deadline had been postponed twice since Tuesday. In a 14-line statement in Arabic this week, it also came after Mr Marrack Goulding, a special UN envoy, had met in Beirut with Sheikh Mohammed Hussein Fadlallah, widely seen as Hezbollah's spiritual mentor, and with Iranian officials. Iran is the main external sponsor of Hezbollah, and has been the principal target of US efforts to prevent further executions.

With the approach of the latest deadline for Mr Cicippio, at 19.00 GMT, the White House had warned that his death would create "a very grave situation." There had also been mounting political pressures on President George Bush for military action against the extremist groups in Lebanon, and possibly against their



Cicippio: death sentence frozen

reported murder of an American hostage in Lebanon this week. It also came after Mr Marrack Goulding, a special UN envoy, had met in Beirut with Sheikh Mohammed Hussein Fadlallah, widely seen as Hezbollah's spiritual mentor, and with Iranian officials. Iran is the main external sponsor of Hezbollah, and has been the principal target of US efforts to prevent further executions.

Hojoatoleslam Ali Akbar Rafsanjani, who was sworn in as Iran's fourth President yesterday, has condemned the killing of Lt-Col Higgins on Monday but said that it was nothing to do with Tehran.

The kidnappers of Mr Cicippio first threatened to kill him on Tuesday unless Israel freed Sheikh Obeid.

The US has pressed every possible diplomatic channel, seeking, in particular, the help of Iran and Syria to use their influence over various groups in Lebanon holding hostages.

Through intermediaries such as the Swiss and West German Governments, Washington told Tehran that it knew the Iranian Government had exerted influence over Lebanese hostage-takers in the past and that it expected Iran to ensure the safety of US hostages now.

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OPTION 1: A strike against targets in Lebanon. There is no easy target. The whereabouts of the hostage-takers, which means that there seems little chance of a successful "snatch" operation by US troops. Any bombardment of Shia Muslim areas or more limited strikes against Hezbollah targets would be certain to cause heavy civilian casualties and quite possibly the death of the remaining Western hostages.

As Mr Don Kerr of the International Institute for Strategic Studies in London put it: "The US Navy can do a lot of window-breaking in Lebanon; the difficulty is undertaking an operation

that is more sharply pointed, that has a real impact on the kidnappers."

OPTION 2: US forces might take aim at the Bekaa valley in eastern Lebanon, which is believed to contain several hundred Iranian Revolutionary Guards and a number of training bases for Hezbollah fighters. But this, too, would be wide of the main target. American officers will also be mindful of the presence of recently-modernised Syrian anti-aircraft batteries in the area.

OPTION 3: Direct action against Iran, seen as the external sponsor of Lebanon's kidnap gangs. The consequences would be incalculable, but probably adverse for Washington and beneficial to hardliners in Tehran who thrive on confrontation. Some analysts believe the Iranian Government's hand could be more easily forced by the inconvenience of political or economic sanctions than by military action. But such things take time to arrange.

Droring the economy. Page 14

Five-year plan for converting the rouble proposed

By David Lascelles,
Banking Editor, London

A NEW five-phase plan to transform the Soviet rouble into an internationally convertible currency and draw the Soviet economy into world markets was proposed yesterday by a group of Soviet and Western economists.

Their plan, prepared at the instigation of the Soviet Council of Ministers, foresees a timetable of 10-15 years, but would require major changes both in the Soviet financial system, and western trade policy.

With US naval forces in the eastern Mediterranean and in and around the Gulf being reinforced, Mr Fitzwater said that the "foundation planning" had been done for every scenario.

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OPTION 6: Direct action against Iran, seen

EUROPEAN NEWS

US AND THE SOVIET UNION NARROW GAP BETWEEN THEM IN TALKS ON ARMS REDUCTIONS Partial agreement on 50% nuclear cuts

By William Duliforce in Geneva

US AND SOVIET differences over how to reduce their strategic nuclear arsenals and on space defence projects have narrowed in "small but significant ways" in the latest seven-week round of talks. Mr Richard Burt, the chief US negotiator, said yesterday.

But in reports to the United Nations Conference on Disarmament both he and Mr Yuri Nazarkin, the head of the Soviet delegation, elaborated on the gaps which divide them.

On the positive side, Mr Nazarkin described the US's idea of test runs of verification methods before the conclusion of an agreement as "quite useful" while Mr Burt said he had established "a solid working relationship" with Mr Nazarkin. The talker had been "businesslike, non-political and oriented to substance not rhetoric", Mr Burt said.

Both chief negotiators took up their jobs in June this year after the talks had been recessed for seven months while the Bush administration had laid the ground for "a productive discussion" between the ministers.

The two sides have been working on a 400-page draft treaty which embodies partial agreement on 50 per cent cuts in each side's strategic nuclear weapons, reducing them to 1,600 delivery systems and 6,000 warheads.

A crucial difference concerns sea-launched cruise missiles. The US says that conventionally armed SLCMs should not be part of an agreement and argues that a non-binding dec-

laration by both sides of plans for nuclear-armed versions of these missiles is the only practical solution.

Moscow wants to limit the deployment of long-range nuclear SLCMs, but the US has rejected a system for controlling the presence of nuclear warheads.

Mr Burt said the US knows of no way to verify effectively limits on the production and storage of the sea-launched missiles.

The US has said it is ready to reconsider its demand for a total ban on mobile intercontinental ballistic missiles, if agreement could be reached on how to check compliance with the limits placed on them. But this issue will remain in limbo, until Washington has decided on its own programme for mobile weapons.

The Soviet Union has tabled new ideas on air-launched cruise missiles, according to Mr Nazarkin, although Mr Burt said that the US still wanted ALCMs counted by a

rule that would credit each heavy bomber with an agreed number of warheads regardless of the number actually carried.

An agreement to continue to observe the 1972 anti-ballistic missile (ABM) treaty and not to withdraw from it for a specified period of time remained the key issue, according to Mr Nazarkin.

Moscow continues to insist that 50 per cent cuts in strategic arms are only possible if there is an understanding not to place anti-ballistic weapons in outer space.

The US sees this as an attempt to halt the US Strategic Defence Initiative started under President Reagan. However, Mr Henry Cooper, the US negotiator on space defences, underscored the progress made on predictability measures protocol in which he saw a

security of that strategically vital region.

The stricken submarines highlight the fact that the nearby Kola peninsula houses 60 per cent of the Soviet nuclear-powered fleet, armed with strategic missiles, and no less than 16 air and 14 naval bases.

And as speakers at a recent symposium in Cologne agreed, the current lessening of East-West tension in central Europe has not reduced, and may even

raised, the potential for confrontation on the continent's northern periphery.

Western strategic planners continue to see as a possibility the launching of a Soviet attack through northern Finland and Sweden, backed up by naval blockades of northern Norway, and in the south a sweep via the Baltic past Sweden and Denmark.

But as several speakers at the "High North 2000" conference commented, the US military commitment to Western Europe appears to be on the wane, both because of improved East-West relations and for economic reasons.

This has placed a special burden on Norway, which has practised towards the Soviet Union (with which it has a 196km border) a combination of reassurance - through not overplaying its offensive capacity - and dissuasion, by emphasising that any attack would meet stern resistance.

Initially, this would be purely Norwegian but thereafter it would be backed up by NATO.

The more the US shows signs of wanting to reduce its direct commitment to central Europe, the more concern in NATO's outer flanks - Norway and Turkey - rises.

The general view was that

there would be little change in military alignment of the five Nordic countries: NATO members Iceland, Norway and Denmark, and neutral Sweden and Finland. But the entire region faces the challenge of responding to the increasing politicisation of the EC, to which only Denmark among the Scandinavian countries belongs.

As speakers pointed out, growing US isolationism could force an acceleration of the process whereby the EC arrogates to itself, side-by-side with NATO as a whole, a larger say in defence matters.

Paradoxically, the prospect of a defence-minded EC is arising just as neutral Austria is applying to join and even Sweden is tempted to consider a bid for membership.

Norway's dilemma is particu-

larly sharp. In a nation-splitting referendum in 1972, Norwegians voted against joining the EC. But Oslo recognises that EFTA (grouping it with Austria, Switzerland, Finland, Iceland and Sweden) is a withering branch, and that to belong to a mainly neutral club like EFTA, and to NATO, looks increasingly contradictory.

Over the past decade, Norwegian governments have found that to be outside the EC is to be in the corridors rather than in the negotiating chamber,

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financial analyst who covers the stock and ask them the same question, sooner or later they are going to start talking among themselves," said one

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simulations. Eurotunnel shares

closed 9 per cent lower in London at \$63p, and in Paris at FF102.90

(\$14), down FF103.60.

They then plunged even

more sharply to FF100.95 on July 25 before recovering when the rolling stock contract was finally announced.

The company is now examining other construction cost overruns with Transmanche Link, its main contractor building the tunnel.

The Commission des

Opérations de Bourse (COB), the French market watchdog, decided at a board meeting on July 28 to open an official enquiry into Eurotunnel dealings, though no precise period has been targeted.

Eurotunnel's shares, traded simultaneously on the Paris and London stock exchanges, dropped from FF116.20 (\$18.41) two weeks ago to close at FF102.90 on the day of the company's first official statement.

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Stock market analysts in the City of London say, however, that the rumours originated in the French capital.

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Polish MPs to probe murders by police

POLAND'S Parliament is setting up a commission to investigate claims by the Solidarity opposition that police carried out dozens of political murders in the 1980s, Reuter reports from Warsaw.

The parliamentary attack on the police, reflected in a vote to begin the inquiry, was an unprecedented onslaught by a state body on the security forces which seized control of Poland in 1981.

It piled more pressure on the country's Communist leaders, struggling to keep their hold on power after introducing democratic reforms.

Earlier, the partly-elected Sejm (lower house) had set up a commission to consider impeaching Mr Mieczyslaw Rakowski, the Communist party leader and former Prime Minister, for alleged economic mismanagement over the past 10 months.

The Sejm voted on Wednesday evening to set up the commission to examine charges that police committed the murders after martial law was imposed to suppress the Solidarity union in 1981.

Mr Tadeusz Kowalczyk, a Solidarity Deputy, told the Sejm last month that the Interior Ministry had been responsible for almost 100 political murders.

He discovered many cases of unpublicised killings involving the ministry that were covered up as apparent suicides during his work on a Solidarity law commission, he said.

The motion to set up the parliamentary commission caught Communist Deputies by surprise when the Sejm was half-empty on Wednesday evening and they were outvoted.

In a further embarrassment for the Communists, it coincided with the appointment of General Czeslaw Kiszczak, Interior Minister since 1981, as Prime Minister.

The only case since 1981 in which police have been found guilty by the courts of political murder was the killing of Fr Jerzy Popieluszko the pro-Solidarity Catholic priest, in 1984. Four security policemen were jailed.

Mr Grzegorz Przemek, a student, and Mr Piotr Bartoszczuk, a Solidarity activist, died in separate incidents in 1983 after being in police custody, but courts stopped short of convicting the police of responsibility.

Mr Kowalczyk told the Sejm on Wednesday that the Interior Ministry was well aware of the murders.

Daimler-MBB deal 'damaging' for W German monopoly body

By David Marsh in Bonn

PROF ULRICH IMMENGA, the former head of West Germany's Monopolies Commission, said yesterday that the advisory board's standing was likely to have been damaged by its qualified vote in favour of the Daimler-Benz/Messer-Schmitz-Bölkow-Blöhm (MBB) takeover.

Mr Immenga, a Göttingen university professor who had headed the Commission since 1986, resigned from his post to mark his disagreement with the council's majority decision on Wednesday to recommend the merger.

He told the Financial Times that he quit because the Monopolies Commission - a five-man body set up 16 years ago to give the Government independent advice on takeovers - no longer showed a "basic consensus" defending free-market competition.

Mr Immenga claimed yesterday that his resignation was not "dramatic". It was simply the logical consequence of his discord with the other four members, who came out in favour of the Daimler-MBB merger on condition that Daimler shed important parts of its military business.

None the less, his decision to step down has brought back into the headlines the two-year-old controversy over the mammoth armaments and aerospace link-up. The Federal Cartel Office, the government

agency which rules on merger control, rejected the deal on competition grounds in April. Mr Helmut Haussmann, the Economic Minister, is to make a final pronouncement in September on whether to overturn the Cartel Office's veto. He is using the Monopolies Commission report to help him make up his mind.

In a further move in the propaganda war over the transaction, both Daimler and MBB on Wednesday promptly termed as unacceptable the Commission's suggested conditions.

The row has added to a debate on the role of the Monopolies Commission in trying to persuade the Government to add to free-market principles. Mr Immenga said the Commission appeared to be doing its best to distort the national armaments market without bringing international benefits.

Mr Immenga pointed out that Daimler-MBB would be greatly improving its defence market position within Germany. But there would be no competitive benefit in the international collaborative projects in which West Germany participated since work-shares in these ventures were decided by governments, not by markets.

Mr Edward Reuter, the Daimler chairman, has argued that the link with MBB will give West Germany the possibility of "systems leadership" in integration of advanced armaments projects.

Three of the other members

forecast in its 1987 prospectus.

The rolling stock contracts were finally announced on July 26 and turned out at \$60m, more than double the original price.

The company is now examining other construction cost overruns with Transmanche Link, its main contractor building the tunnel.

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kick
fits

Bolivian losers reach for presidency

By Barbara Durr

in La Paz

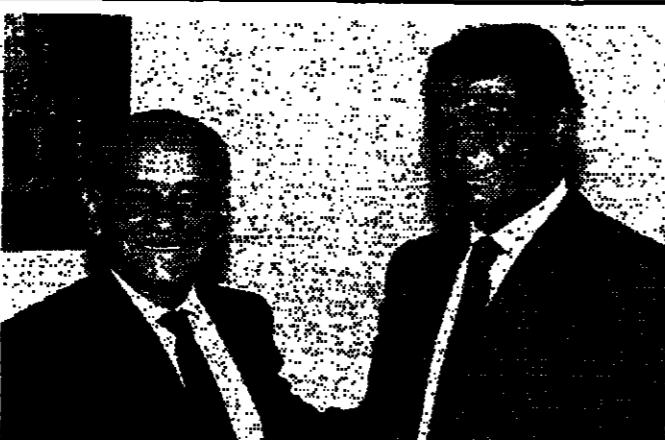
THE BOLIVIAN parliament was expected yesterday to elect as president Mr Jaime Paz Zamora, candidate of the centre-left Revolutionary Left Movement (MIR), who came only third with 18.6 per cent of the poll in the popular election on May 7.

The MIR agreed on Wednesday to form a national unity government with retired General Hugo Banzer, chief of the conservative Democratic Nationalist Action (ADN).

The choice went to parliament because, on May 7, no candidate secured a majority. A new president is to be installed on Sunday.

Mr Banzer (with 22.7 per cent) and Mr Paz Zamora came respectively second and third in May.

Mr Gonzalo Sanchez de Lozada, candidate of the ruling centre-right Revolutionary Nationalist Movement (MNR), then had the most votes — 23 per cent. However, he was unable to persuade either of the other two men to give him



Pragmatism埋葬了另一个派系：Hugo Banzer (左) 和 Jaime Paz Zamora 握手，展示了他们不寻常的政治联盟。

巧合的是，Bamer-Paz Zamora 联盟是前总统，而军事总统在 1970 年代对 MIR 进行了迫害和监禁。

人们普遍认为，尽管 MIR 已经为他的党派赢得了财政、外交、信息和民族主义部长，但 MIR 的副总统候选人 Luis Ossio 在 1970 年代的左翼民兵中仍然存在。

然而，尽管如此，Paz Zamora 承认，他将向议会提供保证，以换取 MNR 支持他的继任。Paz Zamora 表示，他无法说服其他两人同意。

Banzer 表示，他的联盟

Congress split on defence funds

By Peter Riddell, US Editor, in Washington

THE Senate and House of Representatives, both Democrat-controlled, have approved sharply contrasted US defence budgets for the coming year. They contain big differences in nuclear weapon priorities.

A Senate-House conference will resolve the differences in negotiations a month hence, and Senator John Warner, senior Republican on the Senate Armed Services Committee, has said it will be "the most difficult conference in a decade."

Both chambers have backed the administration's request

for total spending of \$305bn in fiscal 1990, which starts this October, the disagreement is over details.

In particular, the House substantially reduced funding for key elements of the administration's nuclear strategy, such as the B2 stealth bomber and the Strategic Defence Initiative, while limiting expenditure on putting the multiple-warhead MX missile onto rail wagons to cover just research, not production. The House also gave no money for development of the single-warhead Midgetman.

The Senate also agreed with the administration in providing no money for more F-14 fighters and agreed only to testing of the V22 Osprey, rather than full production, as approved by the House.

US DEFENCE BUDGET OPTIONS

	Administration	Senate	House
B2 Stealth	\$4.7bn	\$4.4bn	\$3.7bn
SDI/Star Wars	\$4.5bn	\$4.5bn	\$3.1bn
MX or rail cars	\$1.1bn	\$1.1bn	\$800m
Midgetman	\$1.0bn	\$1.0bn	Nothing
F4 fighters	Nothing	Nothing	2200m
V-22 Osprey	Nothing	\$255m	\$505m

All figures are for fiscal 1990.

Veto threat to Savings and Loans rescue bill

By Peter Riddell
in Washington

PRESIDENT George Bush yesterday threatened to veto a bill aimed at rescuing the Savings and Loans industry, in an attempt to intensify pressure on Congress to drop its insistence on including the initial costs of the bail-out in the final budget.

Mr Bush said it was essential to resolve the dispute this week before Congress starts its month-long summer recess. He complained that delays in the legislation have meant that insolvent Savings and Loan bodies have amassed losses of \$6bn (£2.5bn) since the administration first proposed rescue legislation on February 22. He asked Congress to act within 45 days.

The argument is about how the initial cost of the rescue should be insulated from the rest of the budget. The Bush administration favours putting it off-budget in a special body, borrowing \$44bn — with \$6bn coming from the Savings and Loans industry.

However, Congress has proposed including this cost within the budget and exempting it under a special waiver, from the Gramm-Rudman deficit reduction law.

In a letter to Congressional leaders yesterday, Mr Bush said that "exempting \$44bn in spending from the budget process would be unprecedented. It would also seriously undermine the future value of Gramm-Rudman as a source of budgetary restraint, risking adverse effects on both markets and the economy."

He said he was "prepared to work with Congress to bridge the divergent positions on the financing issue" so as to preserve budgetary discipline.

The main administration concern is over the danger of setting a precedent for later waivers of the law.

Senator George Mitchell, Democratic Party majority leader in the Senate, said the president's desire to exclude the bail-out costs from the federal budget was "fiscal gimmickry at its worst" and would add \$5bn to the interest costs of the rescue.

The Senate also agreed with

Mexico offers tax breaks for repatriation of flight capital

By Our Foreign Staff

MEXICO has announced special tax treatment for investment returning to the country, in an attempt to lure back flight capital.

A recent agreement on reducing the country's \$100bn foreign debt "has generated confidence in Mexico and desire among many investors to repatriate their capital," the Mexican Treasury said on Wednesday.

Officials hope the debt reduction agreement signed with foreign creditor banks last month will reduce economic uncertainty and stimulate private investment needed to revive Mexico's economy.

The new rules stipulate that

CAPITAL FLIGHT (\$Bn)

	1980	1982	1987
Baker 15*	76	159	295
Argentina	11	35	46
Brazil	5	8	31
Mexico	19	44	84
Philippines	11	19	23
Venezuela	15	33	58

Compounded value of flight capital assets assuming pre-tax return of 6 per cent. *15 principal members of Inter-American Development Bank.

Source: Mexican Economy

A maximum rate of 5 per cent will be applied to deposits made abroad before December 1984, and a rate of 3.7 per cent will apply to those made in 1985. Funds invested abroad from 1986 onward will not be liable to tax.

Those liable may authorise commercial banks and brokerage houses to retain the relevant tax on returning capital.

Morgan Guaranty Trust, one of the main creditor banks for Mexico, estimates that \$84bn in capital left the country in 1977-1987.

Debt accord may save \$1.2bn

By Richard Johns in Mexico City and Peter Riddell in Washington

THE agreement between Mexico and the commercial banks on a reduction in its debt, may only involve an annual saving of about \$1.2bn, depending on which options the banks take up, according to calculations in Mexico.

There are three options open to banks participating in the agreement: To provide new money, reduce principal by 33 per cent, or lower the interest rate they charge to 6.25 per cent.

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resources as the balance on the current account less foreign interest payments. The figure of 6 per cent was based on the average net transfer of resources over a six-year period during the last administration, which dropped from 13.5 per cent in 1983 to 3.4 per cent in 1984.

So Mr Pedro Aspe, Mexico's Finance Minister, was able to forecast last week — with such a modest gain in prospect from the debt reduction — that net transfers would fall to 2.7 per cent in the first year, starting from 1 in 1989-90, 2.5 per cent in 1991-2 and 2.3 per cent in 1992-3.

The big question for foreign bankers in Mexico is how many of the creditor banks will turn out to be "free riders" rejecting the agreement and insisting on Mexico honouring its existing obligations.

Escanal points out that a potential weakness of the accord is the lack of any base date for measuring the exposure of each bank. As a result, "Mexican paper can continue to change hands until the day the operation is closed, a tentative date being next November." As it is, about 15 per cent of Mexican sovereign debt is believed to have been traded in the secondary market.

The latest edition of the respected newsletter *Ecanal* says that the gains would be greater if a proportion higher than the expected fifth of the 530 banks were to choose a reduction in principal.

In assessing the net savings to Mexico of the deal, Dr Rogelio Ramirez de la O, author of

Ecanal, emphasises the heavy

reduction in principal.

The exact figures for banks

taking up each option will be known later this year when commercial bank creditors reach their decisions.

Bank wins 'double jeopardy' appeal

By David Lascelles,

Banking Editor

STANDARD Chartered, the UK international banking group, has recovered \$12.5m after winning a closely-watched New York court case involving a clash of jurisdictions.

The case arose out of an insider trading scandal involving Mr Fred Lee, a Taiwanese dealing in New York, who transferred the disputed sum of money to Hong Kong through the Standard Bank's New York branch.

Last August, the Securities and Exchange Commission obtained an order requiring Standard to pay into court money which it held in Hong Kong for various customers, including Mr Lee. Standard paid under protest, knowing it might be exposed to proceedings by the accountholders in Hong Kong.

Standard appealed against the order on the grounds that it was an innocent bystander and was in danger of double jeopardy.

Three weeks ago it won the appeal plus costs, but the ruling was not announced until yesterday for technical reasons.

The case attracted considerable attention in government and banking circles because it implied that any foreign bank with a branch in the US might be required by a US court to pay money lodged anywhere outside the US. That would give US courts an extraterritorial jurisdiction which other countries could not accept.

Standard had been backed by the UK government, the Bank of England and numerous banking organisations.

US index down

THE US government's index of leading economic indicators declined 0.1 per cent in June, after a sharp 1.3 per cent fall in May, the Commerce Department said yesterday. Reuter reports from Washington.

The index has declined in four of the past five months and for two months in row. Three consecutive declines, with some exceptions, have signalled recessions.

A message from Lloyds Bank to Abbey National Shareholders

Lloyds Bank sincerely apologises to Abbey National plc, to those shareholders who were previously inconvenienced by errors at Lloyds Bank Registrar's Department and those who are still awaiting their share certificates and refund cheques.

It is now evident that a significant number of certificates were destroyed by fire at a mailing house involved in the despatch of letters to shareholders. The Police are investigating and every effort is being made to establish the number and precise identity of the documents involved.

If you have already sent in a coupon or share replacement form take no further action. If not, please complete the coupon below.

Lloyds Bank will consider claims for out-of-pocket interest costs from shareholders receiving replacement refund cheques. Claim forms will be sent with the replacement certificates/replacement refund cheques. Shareholders should note that Abbey National will pay interest (back dated to 12 July) on all refund cheques paid into Abbey National investment accounts.

The verification process is bound to take some time but Lloyds Bank is doing all it can to trace the missing documents and to bring this unprecedent problem to a speedy conclusion.

Every effort will be made to issue replacement certificates and replacement refund cheques within two weeks of the receipt of requests.

Action for shareholders is detailed below.

- You have not received your share certificate or refund cheque and have not yet sent in a coupon such as the one below. Please complete the coupon below and return it in an envelope to:

Lloyds Bank Plc, FREEPOST BR2747, Goring-by-Sea, Worthing, West Sussex BN12 4ZZ.

By completing and signing the Undertaking below you will be declaring that:

1 You have either not received the Share Certificate(s) or cheque(s) in question.
BLOCK LETTERS PLEASE Mr/Mrs/Ms

Forename(s) _____ Surname: _____

2 If the Share Certificate(s) or cheque(s) come(s) into your possession at any time in the future, you will return it promptly to the Registrar for cancellation.

Address: _____ Postcode: _____ Tel No: (STD Code) _____

I have not received shares as:
(Please tick one box only)

a Saver

a Borrower

a Saver and a Borrower

I have not received a refund cheque (Tick if applicable)
to which I am entitled.

One of my Abbey National accounts is No.: _____

I declare that I have not received Certificate(s) for Ordinary Shares in Abbey National plc to which I am entitled as a result of having completed a Free Share Request Form or a Share Application Form. In consideration of your issuing a replacement Certificate(s) and cheque(s) for any refund due to me I UNDERTAKE to return to you forthwith for cancellation the original Certificate(s) and cheque(s) if and when it or they may come into my possession, free from claim, charge or demand by me or any person claiming through me in respect thereof.

Dated this _____ Day of _____ 1989 Signature _____

OVERSEAS NEWS

Japan will transfer technology to EC in response to 1992

By Stefan Wagstyl in Tokyo

JAPANESE companies will respond to the 1992 economic integration of the European Community by transferring technology to Europe in order to avoid trade friction, says a report from the Industrial Bank of Japan.

Japanese groups will do this by shifting to the EC core production processes, design and research and development centres and nurturing local suppliers. The transfers will be greatest in mass-production industries where there is the greatest gap between Japan and Europe - cars, consumer electronics, electronic parts and office equipment, says the IBJ report.

As a result, business links between Japan and Europe will be strengthened through increased investment in the EC by Japanese companies.

The bank's hard-hitting report says the EC states will naturally strive to protect, through various barriers, their weakest industries. It says Europe is strong in industries which rely on traditional technologies, including food, chemicals and pharmaceuticals, and those which deliver made-to-order products, such as machine tools and construction machinery.

But in mass-production industries EC companies are inferior in competitiveness to their Japanese counterparts. "These industries are strategically important to the economy of a country, hence the rising

conflicts between the EC and Japan," says the IBJ.

The report singles out several reasons for Europe's industrial weaknesses. It says the small size of national markets has hamstrung companies except for those such as chemicals group which became multinationals at an early stage in development. Governments have exacerbated the problem by nurturing national leaders in key industries leading to "monopolistic market structures, killing market forces in a country while leading to an overcrowding of companies in the community".

IBJ says European culture, which retains strong emphasis on class distinctions, encouraged the production of high-quality hand-made products for individual customers rather than mass-production.

Conservative managers made things worse by diversifying late into new technologies and insisting on state-of-the-art products.

In this context, the bank forecasts Japanese companies will be welcome in the EC in proportion to the size of their technology transfers. Creating jobs will not be enough, says IBJ. Only, the best-regarded Japanese groups will be able to cope with the "great management burden" of dealing with the EC's requirements.

IBJ Review: EC 1992 and Japanese Corporations, IBJ, 1-3 Marunouchi, Chiyoda-ku, Tokyo.

S African groups extend disobedience campaign

By Patti Waldmeir in Johannesburg

SOUTH African anti-apartheid groups have said they will extend their civil disobedience campaign to include segregated schools, parks, swimming pools and mining facilities, after the success of Wednesday's challenge to whites-only health care.

A spokesman for the National Union of Mineworkers (NUM) said the campaign could involve stoppages on the mines, where the NUM claims racial segregation is still found in areas such as wage policy, conditions of employment and housing, as well as in lifts, toilets, changing rooms and sports facilities.

Anglo American, one of the largest mines employers, denies it practices segregation on the basis of race.

Black sporting bodies also warned that next year's rebel tour of South Africa by English

cricketers could also be a target for disruption.

Wednesday's hospital protest, which was well organised and non-violent, appeared to mark a significant departure from the anti-apartheid opposition's previous strategy of mass mobilisation.

Three years of mass detentions and restrictions on political activity under the state of emergency have clearly forced a reappraisal of the strategy of protest politics, with the opposition now appearing to favour a more targeted and controlled approach.

The campaign is timed to coincide with the run-up to general elections in September, which exclude black participation. A so-called "workers' summit" is due to be convened later this month to decide whether the campaign will culminate in a general strike.

Madagascar agrees \$3m debt-for-nature deal

By Nancy Dunne in Washington

A \$3m debt-for-nature swap has been agreed with the Central Bank of Madagascar, seven commercial banks and US agencies.

The deal, announced yesterday by the World Wildlife Fund and the US Agency for International Development (USAID), is likely to be the first in a series of similar projects in Africa to promote conservation efforts while reducing developing country debt.

Seven commercial banks from five countries, led by Bankers Trust Company, are participating in the swap which pays out 45 cents on the dollar of Malagasy debt.

The US foreign aid agency will underwrite up to \$1m of the funding costs as part of a

larger debt-for-development programme launched last year.

The banks participating in the swap, besides Bankers Trust are: National Westminster of the UK, Dresdner of West Germany, Amro of the Netherlands, Banque de l'Union Européenne, Credit Commercial de France and Société Générale of France.

Madagascar, the world's fourth largest island and one of its poorest countries, is considered by environmentalists to be "a living laboratory of evolution."

Thousands of species have been lost over the centuries including the elephant bird, giant tortoises, and the pygmy hippo.

Cape Town ivory haul

SOUTH African police said yesterday they seized ivory taken from at least 53 illegally slaughtered elephants as it was delivered to Cape Town for export, Reuter reports from Johannesburg.

The newly-formed Endangered Species Protection Unit and conservation officials seized 106 elephant tusks and a rhino horn on Wednesday in the biggest police haul of illegal ivory, police chief Commissioner Hennie de Witt said.

The international fold and to gain access to western aid and credit, announced a full withdrawal which will be completed by September 26.

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access to western aid and credit, announced a full withdrawal which will be completed by September 26.

The Cambodian Government, facing a likely civil war after Vietnam withdraws its troops in September, has introduced three-year conscription for men over 18, Reuter reports from Bangkok. Phnom Penh has an army estimated at 40,000 troops, mainly infantry, against 20,000 to 40,000 Chinese-supplied insurgents.

work out how to introduce a ceasefire and how to set up and operate an international mechanism to oversee all aspects of the settlement including Vietnamese withdrawal.

The second committee, chaired by Laos and Malaysia, has to come up with acceptable ways for all countries at the conference to guarantee the sovereignty, independence, territorial integrity and neutrality of Cambodia and to ensure that all foreign interference ceases including the movement of troops and arms.

The third committee, chaired by Australia and Japan, will propose ways of allowing refugees to return home and draw up a plan for the reconstruction of Cambodia. Japan has already promised to provide very large but unspecified amounts of cash for reconstruction.

In addition there will be an ad hoc committee chaired by the co-presidents of the conference - France and Indonesia - which has the hardest task of all: to look for a way of setting up a quadripartite interim government under Prince Sihanouk responsible for organising international supervision of free elections.

This means the following four groups have to agree to share the Cambodian seat at the UN being occupied by the resistance rather than

the Hun Sen government. What to do about the seat is going to be a tricky issue this month; the answer may lie in an informal agreement for no-one to occupy it without being declared vacated or vacant.

The UN team will discover, if the rains which have already started do not halt their progress altogether, why the Khmer Rouge force often estimated at 40,000 but more likely to be as low as 15,000 to 20,000 has been able to survive against a total of 200,000 Vietnamese troops over 10 years and remain in control of large areas of western Cambodia, the terrain of their stronghold is a mixture of mountains and almost impenetrable jungle where malaria is endemic.

The working committees have a hectic schedule ahead. When the full conference reconvenes the results may well be the acid test of the Soviet Union and more particularly, China. Prince Sihanouk and Son Sam have declared in advance that they will not use their veto over anything. Hun Sen and Khieu Samphan have not. It is not surprising the two monks in Avenue Kleber were so stony-faced serious, still tapping their drum long after the delegates had been seated away. There is still a lot to pray for - and prayer may not be enough.

Getting that far is quite an achievement given Cambodia's troubled 36 years of independence. Since

Hong Kong to go ahead with airport in early 1990s

By John Elliott in Hong Kong

HONG KONG'S Government is planning to announce in mid-October that it will build a new international airport in the early 1990s which will cost around HK\$60bn (\$4.6bn) and will give the colony's economy an urgently needed medium-term boost.

This will replace highly congested facilities at the existing Kai Tak airport, which is the sixth busiest airport in the world in terms of passengers handled and will reach its maximum runway capacity in 1991. Sir David Wilson, the governor, will announce the new airport in his annual speech at the opening session of the colony's legislative council. The decision to go ahead has been put off for many years. Now it is seen by the Government as an important boost for Hong Kong's confidence and economy in the wake of recent events in China.

An expected decline in economic growth this year has worsened in the aftermath of the Tiananmen Square massacre because of Hong Kong's close links with China's economy.

Financial analysts are suggesting that the rate of growth in gross domestic product will drop this year from an expected 6 per cent to 7 per cent in real terms to between 4 and 5 per cent, compared with 7.2 per cent last year and 13.8 per cent in 1987.

Sir Piers Jacobs, financial secretary, says that an estimate of 4.8 per cent made by the Hang Seng Bank for this year is "not unduly pessimistic".

Analysts are predicting a

further decline to between 2.5 and 4 per cent next year when Hong Kong is expected to be hit harder by China's economic problems. But Sir Pier says that he is sticking to a planning assumption of 6 per cent growth for the next five years because of the expected impact of infrastructure projects from about 1991 onwards.

These projects include the airport, with allied large scale road and other facilities, a new container port, and other public works. The favourite site for the airport is on partially reclaimed land adjacent to an island called Chek Lap Kok north of the large island of Lantau. There would be space for two international-length runways, although only one might be constructed in the first stage. The target opening date is 1997.

The Government aims to have a three to one debt-equity ratio and does not expect to have to provide guarantees. It hopes to use some money from a HK\$32bn fund which is being built from proceeds of government land sales to an

island called Chek Lap Kok

north of the large island of Lantau. There would be space for two international-length runways, although only one

might be constructed in the first stage. The target opening

economy in the early 1990s when private sector investment is expected to fall off as the 1997 approaches. This has become more urgent following the recent events in China.

Hong Kong's economy is closely linked to China because of its role as an entrepot. There are also some 2m workers employed by subcontracting factories in the southern province of Guangdong processing goods for Hong Kong companies.

The cyclical slowdown in the economy before the June events is demonstrated by figures for the first half of the year, which show that Hong Kong's domestic exports rose by only 3 per cent compared with 10 per cent in the second half of last year. Re-exports of goods being processed in China

rose by 36 per cent compared with 46 per cent.

In the first half of this year re-exports amounted to \$1 per cent of total exports compared with 55 per cent last year.

Trade and some advantages for Hong Kong in the slow-down because the colony's economy was over-heated. Some of the pressure on the local labour market has eased, although employers still say there are seriously short of labour and want to be able to import unskilled workers.

The Government is only prepared to import skilled workers and yesterday announced that it is allowing companies to bring in 2,223 people for the construction, engineering and electronics industries. About 75 per cent of them will come from China.

Iran's new president faces growing pressure on hostages

By Kamran Fazel in Tehran and Victor Mallet in London

HOJATOLESLAM Ali Akbar Hashemi Rafsanjani, the most powerful man in Iran, was sworn in as executive President yesterday in the midst of the Lebanese hostage crisis and the related power struggle in Iranian politics.

Although regarded in the West as a pragmatist who will gradually moderate the radical Islamic stance taken by the late Ayatollah Khomeini, Mr Rafsanjani reaffirmed his revolutionary credentials in an emotional speech.

"Despite the poisonous propaganda saying the Iranian nation is setting its hopes on a new era, I am confident that we and our people will accept nothing but the path of Imam (Khomeini), which is the path of Islam and the Koran," he said at the ceremony in a mosque attached to Khomeini's north Tehran home.

Mr Rafsanjani made no mention of the hostage issue in yesterday's speech, which was probably directed at his domestic audience, but he is under intense international pressure to intervene to save the hostages. The US has made appeals to Iran through intermediaries such as West Germany with embassies in Tehran, and has not ruled out use of force against Iranian targets.

group thought to be tied to Hezbollah announced the hanging of US hostage Lt Col William Higgins.

Among those ministers expected to stay in the Cabinet is Dr Ali Akbar Velayati, the comparatively moderate Foreign Minister. Mr Rafsanjani is committed to rebuilding the Iranian economy following the damaging eight-year war with Iraq, and is expected to seek assistance from the West as well as from the Soviet Union.

Whatever the intentions of Mr Rafsanjani and his chief ally, the new revolutionary leader Ayatollah Ali Khamenei, their room for manoeuvre is evidently limited by Khomeini's radical political legacy.

A joint statement by Mr Rafsanjani and Mr Eduard Shevardnadze, the visiting Soviet Foreign Minister, condemning the killing of Col Higgins was reported by the Soviet news agency Tass but ignored by most of the Iranian media.

Mr Rafsanjani was installed as President at a gathering presided over by Ayatollah Khamenei. It was Khomeini's son Ahmad who read out the Ayatollah's decree confirming Mr Rafsanjani in his post, another sign Ahmad has been co-opted by the de-movitrix controlling Iran.

Indian troop pullout deal faces problems

By David Housego in New Delhi

A POTENTIAL agreement between India and Sri Lanka over Indian troop withdrawals from Sri Lanka took into difficulties yesterday.

Sri Lanka is understood to have reproached the Indian government for backing down from positions on which it believed a consensus had been reached. In particular in talks yesterday India is said to have imposed conditions on a suspension of hostilities by Indian troops against the Tamil Tigers, the main Tamil guerrilla force seeking a separate Tamil state in the north.

The Indians, who confirm that they are prepared for a ceasefire "at an appropriate stage" were said yesterday by Sri Lankan officials to have offered a ceasefire for only a limited period. This was said to have been unacceptable to President R. Premadasa who, it is claimed, had obtained guarantees from the Tigers they would not attack the 45,000 Indian peacekeeping force or other militant Tamil factions.

It would appear that both sides are engaged in last minute brinkmanship.

Kim Dae Jung released

SOUTH Korean security police yesterday released Mr Kim Dae Jung, the country's main opposition leader, after a 24-hour interrogation over alleged links to North Korea. Maggie Ford reports from Seoul.

Mr Kim, who has strongly denied a report that he wrote to North Korean President Kim Il Sung, said the security police had offered no evidence of any wrongdoing. They obtained a court order to question Mr Kim after it was revealed a court in his Party for Peace and Democracy secretly visited North Korea last year.

Contacts with the communists North are banned under the South's security laws and a spate of recent visits to Pyongyang by South Koreans has angered the conservatives.

Women, a student and a Catholic priest held a five-day hunger strike at the border village of Pannnung last week and are appealing to be allowed to cross the demilitarized zone.

Earlier this year the Rev Moon Ik Hwan, a protestant minister and the brother of the deputy leader of Mr Kim's PPD, visited Pyongyang and met the Northern leader. He is now in jail.



President Rafsanjani (left) and Ayatollah Khamenei listened to the reading of a decree confirming the new president yesterday

John Kelly, the visiting US assistant secretary of state, is in the occupied territories and the Israeli Labour Party appear to have signalled converging positions on proposals for elections in the West Bank and Gaza Strip during a visit by a senior US State Department official.

A tacit agreement between them on conditions for holding elections would step up the pressure on Mr Yitzhak Shamir, the Prime Minister, whose right-wing Likud party takes a much harder line on the election proposal than its Labour coalition partners.

Unlike Likud, which refuses to countenance any territorial concessions, Labour policy includes a land for peace formula - though not the return of all lands captured by Israel in

the 1967 Six Day War.

In another significant development, Mr Shimon Peres was quoted as telling Mr Kelly in a meeting on Wednesday that he would not object to "two or three" Palestinians from outside the occupied territories being included in a Palestinian team to negotiate terms for elections.

This idea, proposed by

Mr Rafsanjani, made no mention of the hostage issue in yesterday's speech, which was probably directed at his domestic audience, but he is under intense international pressure to intervene to save the hostages.

Mr Rafsanjani indicated that this did not imply forsaking armed struggle against Israel. He renounced terrorism last December to pave the way for a dialogue with the US. But yesterday he drew a distinction between terrorism and legitimate

militant struggle.

Armed struggle has laid the solid basis for our organisation's political victory... this legitimate weapon against the Israeli occupation has distinguished our struggle," said Mr Rafsanjani, amid applause and chanting from Likud activists.

Amid tight security, Mr Rafsanjani said that the Palestinian peace initiative, which calls for the establishment of an independent Palestinian state alongside Israel, was "irreversible".

But Mr Rafsanjani indicated that this did not imply forsaking armed struggle against Israel. He renounced terrorism last December to pave the way for a dialogue with the US. But yesterday he drew a distinction between terrorism and legitimate

militant struggle.

Armed struggle has laid the solid basis for our organisation's political victory... this legitimate weapon against the Israeli occupation has distinguished our struggle," said Mr Rafsanjani, amid applause

90s

Republicans plan body to oversee East Bloc exports

By Nancy Dunne in Washington

TWO influential Republican senators are developing plans to create an agency to oversee US export controls in the hope of ending the bitter inter-agency feuding which has slowed governmental approval of sensitive high technology exports.

The senators are usually ranged on opposite sides of the fence, with Senator John Heinz of Pennsylvania favouring the liberalisation of controls and Senator Jake Garn of Utah backing Pentagon concerns over national security.

Both agree, however, that the present structure governing export controls, which gives responsibility to the Commerce and State departments and the Pentagon, is hampered by "bureaucratic warfare and procedural uncertainties."

In a separate initiative, Mr Heinz has written to Mr James Baker, the Secretary of State, to urge development of a liberalising technology transfer programme for Hungary and Poland.

The scheme would include adoption of a "differential" similar to the "greenline" negotiated for China within the Coordinating Committee for Multilateral Export Controls (CoCom), the body that oversees the export of sensitive technology to the Eastern Bloc, which permitted sales of higher level technology than that going to the USSR.

The Senator also called for government-to-government customs agreements and strategic trade agreements with Poland and Hungary, which would allow the US to investigate and correct breaches of customs law. The aim would be to ensure that technology had not been illegally diverted.

"The changes taking place in the Eastern Bloc afford us unprecedented challenges and opportunities to begin a new, more co-operative era in East-West relations," Mr Heinz said on Wednesday.

Majority of US executives predict post-1992 restrictions

By David Waller in London

TWO-THIRDS of senior US executives are convinced that the European Community will set up significant trade barriers to non-EC countries in the aftermath of the creation of the single European market at the end of 1992, according to a report published by KPMG, the international accounting firm.

Opinion is divided on the impact of 1992 on US business in general, but the survey of 872 top businessmen in the high-technology, manufacturing and transport sectors shows that US companies are busy formulating and implementing strategies to deal with the challenge of 1992.

More than 40 per cent believe that the EC's dismantling of internal barriers will have a negative economic impact on US business in general, with 36 per cent thinking that the impact will be positive.

Just over half (51 per cent) think that there will be no impact either way. Moreover, US executives are convinced that Asian countries and European states outside the EC have more to lose from any protectionist upsurge than the US.

Only a fifth of the business men polled - 60 per cent of whom are chief executives - believe that the single European market will be in place on schedule, by midnight on December 31, 1992.

Nearly four in 10 (37 per cent) are actively formulating a strategy to deal with the challenges of 1992; 33 per cent claim to have started putting their plans into action already.

Nevertheless, there is a near consensus (87 per cent) that strategic alliances between US and EC companies will be necessary and that US companies will have to increase their manufacturing presence in Europe.

Some 79 per cent believe that a pan-European strategy will

be needed in order to succeed in the single market.

Marketing and distribution are the key areas for moving ahead in Europe, with 58 per cent thinking that the most important focus for business development in the EC is the possibility of marketing products more widely.

Changing distribution channels and altering export arrangements are also considered important.

It appears that US business investment in the EC will be concentrated in West Germany, France and the UK. Italy, Spain and the Netherlands will probably attract only minor investments.

Strategic Implications of 1992 for American Business: a survey of American executives' perceptions of 1992 and the European Community conducted by KPMG. A summary from Peat Marwick McLintock, 1 Puddle Dock, Blackfriars London EC4V 3PD.

Super 301 condemned by Latin Americans

TWENTY-SIX Latin American and Caribbean nations have rejected and condemned unilaterally imposed curbs on personal computers export to Western destinations and sought similar liberalisation within the CoCom. Mr Richard Chaney, the Defence Secretary, publicly criticised the decision and said it would give the Soviet Union increased military capabilities.

Mr Heinz said such disputes could best be solved by a new agency which put under one roof the Bureau of Export Administration from the Commerce Department; the Office of Munitions Control from the State Department; and the Defence Technology Security Administration from the Pentagon.

The new independent, Cabinet-level Office of Strategic Trade and Technology would oversee dual-use technologies, defence trade, proliferation issues, and economic security matters.

The statement, issued on the final day of a ministerial meeting of the 26-nation Latin American Economic System (Selas), said the trade law's provisions for the imposition of unilateral sanctions were contrary to the norms and principles of Gatt.

The statement recalled that,

in addition to Washington's list published in May of countries it considered had hindered trade and investment, the US also cited six Latin American nations as not providing adequate protection for intellectual property rights.

The ministers of Latin America and the Caribbean energetically reject and condemn these actions which, like other trade sanctions that the United States of America continues to apply to the region's countries, cause serious harm to our economies," the Selas statement said.

Under the trade law, Washington could consult and negotiate with these countries and, if no accord was reached, it could impose sanctions.

Brazil, together with Japan and India, were cited by the US as countries whose trading activities would have to be subject to negotiations and possible counter-measures under Super 301.

But Washington also identified Argentina, Chile, Colombia, Venezuela, Brazil and Mexico as not providing adequate protection for intellectual property rights, according to the Selas communiqué.

US sets a cracking pace for Gatt

William Dullforce meets America's man at the Geneva trade talks

THE US made it clear yesterday that the success of the multilateral talks on the liberalisation of world trade depends on their being completed on time in December 1990. President George Bush's administration would have neither the opportunity nor the disposition to go beyond that deadline. Mr Rufus Verxa, Deputy US Trade Representative and Ambassador to Geneva, Colombia.

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Mrs Carla Hills, the US Trade Representative, will make her first visit to Geneva, the forum for the multilateral trade talks, on September 12.

She will attend a meeting of the US private sector advisory committee on investment policy which is being held in Geneva, to coincide with a meeting of the group negotiating on trade-related investment measures, one of the "new" items on the agenda of the Uruguay Round.

Mrs Hills will meet Mr Arthur Dunkel, Gatt Director General, and senior negotiators from other countries before flying to Bonn, Paris and London for talks with the West German, French and British trade ministers.

addressing them was the Uruguay Round. In order to generate the surpluses on the trade and external accounts required to pay off nearly a decade of deficits, the US "inescapably" had to work for the broadest possible participation in a world trading system.

But, Mr Verxa emphasised, the multilateral approach had to secure results. The outcome of the Uruguay Round could not just paper over loopholes in Gatt that kept a large part of world trade, such as agriculture, services and high technology, out of its purview.

Reform of world farm trade was a big issue as ever for the Bush administration, Mr Verxa said. Governments still had a lot of homework to do but the deadlock-breaking agreement reached in April offered a good format for pushing ahead with the talks in the Uruguay Round. The US, having just tabled its proposals for converting border restraints into tariffs and then reducing them, was working on a paper on rules and disciplines, which would cover export subsidies and domestic farm supports. It hoped to present the paper in the autumn.

The US now has a better understanding with the European Community over trade matters than it had six months ago, according to Mr Verxa. Problems had not gone away but Mrs Hills and Mr Frans Andriessen, the EC External Affairs Commissioner, had established a good working rapport and this was reflected among senior negotiators.

Mr Verxa said Washington was "very enthusiastic" about Gatt's new trade policy review mechanism, of which the US is to be the first target this year. The administration would make available "every ounce of information and every official they want to see" to the Gatt review team.

Much of the build-up within US industry and business for solutions to trade complaints was now being funnelled into

the first forum for

Cooper Rolls wins Saudi order

By Nick Garnett in London

COOPER Rolls, a joint venture company between Rolls-Royce of the UK and Cooper Industries of the US, has won a \$175m order to supply gas turbine plant for oil pumping in Saudi Arabia.

The order involves the supply of 22 gas turbines, each based on the Rolls-Royce RB211 engine, together with control systems, and some retrofit control equipment for existing gas turbine machinery in Saudi Arabia.

The new equipment will be installed at 11 pumping sta-

tions along a pipeline from Saudi Arabia's eastern province to the Red Sea port of Yanbu.

Aramco Services on behalf of the Saudi Arabian Oil company placed the order. The Rolls-Royce portion of the contract is worth \$70m.

Ryder in Germany

Ryder Systems of the US, the world's largest truck leasing company, has entered the highly regulated West German road transport business to build up its continental European operations with the approach of the single EC internal market after 1992, writes Andrew Fisher in Frankfurt.

With a German fleet of 135 trucks from Ford-Werke and Daimler-Benz Ryder is making its first significant move in mainland Europe. "There is no market we see that offers greater opportunities for the 90s than Europe," said Mr Carl Simmons, Ryder's general manager for European operations.

Ryder is well established in the UK with about 7,000 trucks and nearly 1,300 employees. It intends later to become involved in other EC markets such as France and Spain, said Mr Alan White, group director of field services in Europe.

Returning from a nine-day trip to the Soviet Union, Mr Chang also said the Soviet Union had proposed joint ventures with South Korean partners in 40 to 50 projects.

Chang headed a 30-member delegation of leading South Korean businessmen to the first session of the Korea-Soviet Business Council held in Moscow.

Iran talks fail

Talks between Mitsui and National Iranian Oil have failed to agree the fate of the stalled Iran-Japan Petrochemical project at Bandar Khomeini, which was badly damaged by air raids in the Gulf War, Reuter reports from Tokyo.

Mitsui has told the Iranians it wants to wind up the joint venture in a "friendly separation," pointing out that resumption of work on the complex is not financially justifiable.

More Sheratons

Sheraton Asia-Pacific is to open four hotels over the next three years in Australia and Fiji, costing A\$283m (£130m), AP-DJ reports from Hong Kong.

Mr Kevin Carton, senior vice president of Sheraton, owned by ITT of the US, said the move was in line with the group's strategy to develop luxury hotels for business and resort properties at gateway cities in the Pacific region.

INVESTMENT DECISIONS?

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ENERGY IS OUR BUSINESS

UK NEWS

Securities body orders disclosure of investment fees

By Eric Short

LIFE assurance companies and unit trust management groups from next April will be required to tell buyers of life assurance, pensions and unit trusts the effect of expenses on their investments.

Provision of such information is a key element in the final rules on disclosure for life assurance and unit trust products issued yesterday by the Securities and Investments Board (SIB), the financial services watchdog.

SIB's underlying philosophy in its regulatory role has been that consumers should be given full information over the investment products they are buying.

These rules set out the nature of that information in relation to life assurance and unit trust contracts, covering not only expenses, but the benefits provided, the underlying investments and taxation implications.

SIB has spent three years considering these rules, with expense disclosure being the thorniest of problems.

The form of disclosure is a percentage deduction from the yield and the information must be provided with 14 days of completion of the sale, not at the time the product is being bought. But surveys have

shown that presenting the information as a percentage deduction is not widely understood by the public.

SIB has followed the views of the life assurance industry on the time of disclosure and ignored those of the Consumers' Association, which wanted the information in money terms at the time of the sale.

The Association said it深深 regretted that its views were not heeded.

SIB also announced a second initiative: a Buyer's Guide which must be given to any purchaser of life assurance or unit trust products at the outset of the sale.

The guide will be produced by the regulatory bodies, not the life companies. It sets out the information which consumers can expect from the salesman, their rights of cancellation and, above all, it explains clearly the difference between the two categories of intermediary - independent or company representative.

Mr John Ellis of the Life Insurance Association, one of the trade bodies representing life assurance intermediaries, welcomed the guide as the best means of ensuring that the public understand what they were buying and who they were buying it from.

Judge urges ruling on tax liability of foreign states

By Raymond Hughes

A SENIOR Judge yesterday called for legislation to clarify what he called "a revolutionary reversal" of the Inland Revenue's previous practice in relation to the liability of foreign states to UK tax.

Lord Justice Dillon said that the Revenue contended that sovereign immunity of a foreign state meant no more than immunity from being sued in the UK courts. It did not mean immunity from income tax.

On the contrary, the judge said, the Revenue contended that foreign states were liable to income tax on certain income that accrued to them

within the UK and that the liability could be enforced against them by any process of set-off that might be available to the Crown.

The only immunity was that it could not be enforced by action in the courts and recovery by judgment.

"This is a revolutionary reversal of previous practice. It is one which can affect very many sovereign states," Lord Justice Dillon said. "The point is important and it is very desirable that it should be clarified by legislation if the Crown intends to maintain the general metallurgical industry."

"By judicial use of nitrogen and by capitalising on its undoubtedly beneficial effects, considerable improvements can be obtained in terms of steel properties and

Sanctions Act, in proceedings brought by the Securities and Exchange Commission, the trading watchdog Cambrian was at one stage Mr Boesky's US investment vehicle.

The shares were formerly held by Mr Ivan Boesky, the convicted US insider trader. The court refused to rule on an Inland Revenue decision unlawful. The decision struck down an essential part of the deal, which US tax law required to be completed before August 8.

The US Treasury had acquired the shares - about 20 per cent of Cambrian's equity - from Mr Boesky through a New York court order made under the Insider Trading

An essential part of the transaction was that immedi-

ately after the shares were transferred to Camac, Cambrian would declare a dividend on those shares.

Under the 1988 Income and Corporation Taxes Act, recipients of dividends that are not subject to UK tax - such as a foreign state able to claim sovereign immunity - can claim from the Revenue a tax credit equal to the amount of advance corporation tax (ACT) payable on the dividend.

The Inspector of Foreign Dividends at the Inland Revenue initially authorised Cambrian to pay the US Treasury an amount equal to the ACT - about \$8m - avoiding the need for the credit to be reclaimed from the Revenue.

Shortly afterwards, however,

the Revenue changed its mind and revoked the authorisation. Cambrian and Camac challenged the revocation decision in judicial review proceedings, claiming that the Revenue had acted unlawfully and unfairly, and had abused its powers.

In the High Court earlier this week, Mr Justice Kennedy ruled that the Revenue had grounds for correcting what it regarded as an error in authorising the payment.

Upholding that ruling, Lord Justice Dillon said yesterday the Revenue believed that the dividend seemed to have been arranged artificially to take advantage of UK tax credit rules and would not be available to other Cambrian shareholders.

Employers prepare for end of ports stoppage

By Charles Landbester

THE national dock strike was drawing to a close last night as it emerged that the employers' organisation which co-ordinated ports' approaches to the strike will soon be wound up.

The governing council of the National Association of Port Employers (Nape), will vote to wind up the association when it meets in two weeks' time. The association co-ordinated the employers' two-year political lobbying campaign to persuade the Government to run the risk of a national dock strike and abolish the statutory National Dock Labour Scheme which regulated employment and conditions in most of Britain's ports.

The break-up of the association paves the way for intensified competition within the industry which could lead to more bankruptcies and redundancies.

Docks which were included in the scheme are expected to lower their prices following the 3,000 redundancies among the 9,221 former registered dockers. This will put more pressure on the profitable non-scheme ports which were able to undercut the scheme ports.

Some scheme port employers are confident that with smaller workforces and flexible working practices they will be able to take traffic away from the non-scheme ports.

Port employers believe it will take between six months and a year for the industry to settle down after a period of intense competition.

Meanwhile, all but four of the 61 ports previously covered by the scheme are expected to be working normally today.

Bristol's 487 former registered dockers yesterday voted to return to work on Monday when local union officials expect to open talks on a local agreement for the port.

Union officials at Liverpool called on the Mersey Docks and Harbour Company to withdraw contracts to fit men who have said they want to continue working at the port.

The officials said the disciplinary procedures in the contracts would have to be changed before they could command a return to work.

Universities fear drop in engineering candidates

By Nick Garnett

THE NUMBER of school-leavers applying to universities to study engineering fell by 18.5 per cent from 1986 to 1988. For electrical and electronic engineering it dropped by almost a third.

University engineering departments are worried nervously for this year's figures to see whether a recent second decline in domestic candidates for courses has been halted.

During the four-year period, demand from industry for engineering graduates has risen around the world. As a result, British universities have kept largely stable the number of candidates they accept for engineering courses, but at the cost of a reduction in entry requirements.

Mr Jack Blears, of the national research unit for engineering professors, based at Liverpool University, said yesterday that the reduction in standards had so far been only marginal.

But, he added: "Universities are very concerned about the position, particularly at vice-chancellor level."

It is impossible to compare this year's applications for engineering courses with last year's. That is because for the first time school leavers do not have to list in order of preference the subjects they are interested in studying.

Figures from these multiple applications this year, however, might indicate that the decline has been arrested.

By May this year, there had been 86,350 "entries" on application forms for engineering courses starting in the autumn, virtually the same as last year. Some students might enter engineering on their forms up to five times.

That does not necessarily correlate with what will happen to the numbers of school leavers viewed as genuine candidates, although there seems to have been a resurgence in interest in civil engineering.

In October 1988, there were 17,500 candidates for university engineering courses. That fell to 16,700 the following year, then to 15,550 in 1987 and 14,270 last year.

Court scuppers Cambrian share sale

By Raymond Hughes, Law Courts Correspondent

AN ELEVENTH-hour attempt to save a \$41m (£24.7m) sale by the US Treasury of shares in Cambrian General Securities, a British investment company, failed in the Court of Appeal yesterday.

The shares were formerly held by Mr Ivan Boesky, the convicted US insider trader.

The court refused to rule on an Inland Revenue decision which already owns about 70 per cent of Cambrian. Cambrian would then sell its interest to a new wholly-owned UK subsidiary of Leucadia National Corporation, its US parent.

Under US tax law, Cambrian had to acquire no less than 80 per cent of Cambrian before next Tuesday for it and Leucadia to avoid US tax liabilities of about £10m.

An essential part of the transaction was that imme-

diate after the shares were transferred to Camac, Cambrian would declare a dividend on those shares.

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Secret formula is foundry's fortune

Christine Griffiths on an alternative to high-priced nickel

ALMOST FIFTY years ago Hermann Goering ordered German scientists to invent a nickel-free steel alloy to avoid the Luftwaffe being grounded by dwindling nickel supplies. Recently, a small foundry in the Midlands began producing the Nazi formula to combat soaring nickel prices and found itself overwhelmed by international demand.

Several years ago Mr Dan Taylor, owner of Auto Alloys (Foundries), bought his Derbyshire home from a former president of the Institute of British Foundrymen. In the library - handed over intact - he found references, in publications dating from the Second World War, to German use of nitrogen-alloyed steels in aircraft-components. The formula was discovered by a team led by Lord Beaverbrook (who was in charge of British aircraft production), which studied captured German aircraft components. Mr Taylor then found references to two vital alloys registered in Brazil and from this devised his own refined formula which he calls "mean" (manganese-enhanced austenitic nitrogen) steel.

Austenitic refers to the structure of the metal, normally associated with nickel.

From such bizarre origins has grown an ingenious solution to Mr Taylor's wrangle with the price of nickel - now more than \$12,000 a tonne. Mean steel has slashed his production costs and finished product price dramatically. Savings of more than 30 per cent will be passed on to customers who buy his automobile turbo-charger casings; and more than 20 other companies are discussing stainless mean steel prototypes for various uses, including marine engineering.

The path to Mr Taylor's door has not always been so well beaten. UK interest has been non-existent until very recently. Mr Taylor cites the "not invented here" attitude many UK producers have to innovative technology as the reason that prevents them from embracing new ideas.

Tradition is also a powerful factor in acceptance or rejection of new technology, and foundrymen, for the most part, have always used nickel to produce stainless and high-alloyed steels.

The nickel industry is not over-enthusiastic about high-nitrogen steels, however.

"If these steels were really likely to

replace nickel-alloyed steels, it would have happened years ago," said the Nickel Development Institute (NDI). The institute is sceptical of the modest superior qualities of manganese-nitrogen steel over nickel steel and questions whether there is sufficient interest to warrant commercial production.

According to Mr Mike Kurtanek, head of Mining Research at James Capel, UK brokers, Auto Alloys addresses a "small-volume, high-value market". He does not see a widespread nickel-substitution danger, but can recognise a real threat in the specialist high-value market.

However, "getting it accepted as the industry standard is going to be very difficult. There is a natural resistance to change - industry holds the key and when it is ready to change, it will," he said.

Mr Taylor - who has been nominated for this year's MacRobert award, one of the top engineering accolades in the country - has stepped into the limelight before. He spent 10 years developing the "lost foam" process - which is on display at the Science Museum in London - whereby hot metal vapourises polystyrene moulds and takes their shape. By combining this process with mean steel, Mr Taylor thinks he can revolutionise the cast market.

Japanese companies have flocked to Derbyshire with offers to buy the whole business. The Soviet Union has also expressed interest in the process for use in a new automobile facility planned for the Lada car. Mr Taylor concedes that he will now have to give up a minority share in his company to raise the finance required to satisfy the international market for mean steel.

The NDI is sceptical of the claims.

"The market for mean steel is very limited," says NDI spokesman Peter Goss.

Mr Taylor is not too worried. He says he has sold 100 tonnes of mean steel to a Japanese company and is currently negotiating a deal with another.

He is also in discussions with a US company about setting up a joint venture to produce mean steel in the United States.

Mr Taylor is optimistic about the future of mean steel.

"I am not worried about the future of mean steel," he says.

He is also looking forward to the opening of a new foundry in the United States.

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Dillons may cut prices in spite of OFT book ruling

By Raymond Snoddy

MR TERRY Maher, chairman of Pentos, said yesterday he planned to sell books at discount prices before this year was out, in spite of the decision of the Office of Fair Trading against referring the net book agreement to the Restrictive Practices Court.

Mr Maher, whose group owns the bookshop chain, has been running a public campaign against the NBA, which allows publishers to set minimum prices for most books, said yesterday: "The next fight is to end the net book agreement."

He was speaking after Sir Gordon Borrie, Director General of Fair Trading, confirmed that he would not seek leave of the Restrictive Practices Court to have the agreement re-considered.

When the court looked at the issue in 1982 it decided that getting rid of the NBA would lead to fewer, more poorly stocked bookshops and higher prices.

Sir Gordon said the main question he faced was whether there had been enough changes in the publishing and bookselling trades since then to lead the court to a different decision on the effects of ending the NBA.

"I have concluded that there is an insufficiently strong basis to justify me in making an application to the court to reopen the case," he said.

The Director General made it clear he had also taken into account the Government's plans for new restrictive practices legislation which would involve an automatic review of all agreements such as the NBA.

The Pentos chairman expressed regret at what he called Sir Gordon's timidity on the issue.

Lucas group in deal with BMW and Saab

By John Griffiths

UK COMPONENTS group Lucas Automotive has concluded supply agreements with BMW and Saab which loosen if only slightly, the near-monopoly which Robert Bosch of West Germany has had on the lucrative west European market for sophisticated car fuel injection systems and components.

Lucas Automotive, part of the Lucas Industries engineering-to-aerospace group, confirmed yesterday that it is to supply 400,000 fuel injectors a year to BMW starting in September.

The group is expected to announce the contract with Saab next week.

This is understood to be for complete electronic fuel injection systems, although Lucas would neither confirm nor deny the contract's existence yesterday.

The significance of the contracts for Lucas extends far beyond their immediate value, which is not being disclosed.

They are regarded by both Mr Tony Gill, chief executive of Lucas Industries, and Mr Bob Dale, automotive division manager director, as "breakthrough" agreements offering the potential for much larger supplies in the future, not just with BMW and Saab but with other vehicle makers.

"We are very hopeful of fur-

City yawns at dreams of sleepless prosperity

By Ralph Atkins,
Economics Staff

TAWNING YUPPIES take heart, many of Britain's rich and famous like to sleep on... and on.

Research published earlier this week by the US National Bureau of Economic Research found a link between financial reward and sleep. Doubling somebody's wages means 20 minutes less in bed, it suggests. However, an informal survey in the UK shows sizeable differences in the NBA.

Mr Maher also said: "We will be using our marketing expertise and imagination in looking for ways to promote books aggressively using price as a marketing tool within the rules of the NBA."

If Mr Maher unilaterally sells books subject to the net book agreement at a discount he will face an injunction from the Publishers Association acting as agent for the individual publishers involved.

The Pentos chairman said, however, he would try to persuade individual publishers to publish particular books as "non-net books" as they are completely free to do. Mr Maher would then be able to offer those books at a discount.

Mr Maher also promised other unspecified actions.

"We will definitely be selling books at lower prices during the course of this year," he said.

Both the Publishers Association, which represents most publishers and is implacably opposed to the abolition of the NBA, and the Booksellers Association, which represents 3,300 retail bookshops in the UK and Ireland, welcomed Sir Gordon's decision.

In a letter to The Times this week, Mr Graham Greene, the novelist, pointed out that immovable small bookshops had closed in France when a net book agreement was abolished during the rule of President Pompidou. It was reinstated when Mr Raymond Barre was Prime Minister. "I think we should have learnt a lesson from France," he said.

Clarke gives details of contract for GPs

By John Hunt

THE NEW contract under which family doctors' pay will be related to performance was published last night by Mr Kenneth Clarke, Health Secretary, despite the bitter opposition of members of the profession who have voted three to one against accepting it.

He has written to all family doctors enclosing copies of the contract, including the modifications agreed during negotiations.

Mr Clarke's action means that the contract is being imposed on the general practitioners. He is to introduce an order in the Commons to approve the new arrangements and said the Government intended to introduce them in April.

"All of my clients are what you might call regular sleepers. I don't know of any who are up very early in the morning getting zippy," he says.

Mr Doherty, who also acts for Tina Turner and the Rolling Stones, says: "Perhaps the more - how can I put it - flamboyant pop stars have been hard to get out of bed. Certainly Keith Richards of the Rolling Stones is an example of a person who needs a bomb in the room if there is a morning call."

Even the Queen, whose wealth has been put at more than \$2bn, appears to sleep well - at least when official engagements and State banquets permit. "I think she is probably a fairly average sleeper," said Buckingham Palace.

The Low Pay Unit, which lobbies on behalf of the poor, thought any link between effort and sleep was dubious.

"Low paid workers need just as much sleep as the highly paid workers," said Mr Mark Minford, research officer.

There are some exceptions. Insomnia is a prerequisite for a successful politician. The Prime Minister is famous for managing on six hours a night. Mr Nigel Lawson, the Chancellor, is reported as being up by 7.30am and still running the economy at mid-morning.

You can't do his kind of job if you are like the rest of us and need eight hours a night," said a close colleague.

There are spillovers too in the City. Mr Richard Hill, senior manager in Barclays' foreign dealing room, arrives on five hours a night. He speaks to dealers in Tokyo before retiring at 11.30pm, setting the alarm for 4.40am.

"It has appeared to me over a number of years that the harder and longer you work the more likely you are to make a success of it," he says.

The atmosphere is similar among big securities houses. Mr Simon Cowell, head of public relations at S G Warburg, says: "People in the big department would say 'sleep, what is it?'"

Asked if he believes there is a link between the financial success and hours spent sleeping, he says: "I should think it is certainly a luxury that we could do without."

Under the BMW deal, Lucas Engine Management Systems, one of the six divisions, will supply the injectors for fitment initially on the 3-litre engine BMW fits to its larger cars.

They have been forcefully

UK NEWS

Spelling out investors' expenses

Eric Short on SIB's long-awaited reform of its rules on disclosure



David Walker: chairman of SIB 'still seeking views'

AFTER three years of discussion and deliberation, the Securities and Investments Board yesterday issued its final rules on the disclosure of expenses and commission on life, pensions and unit trust products.

After so long a period of indecision and uncertainty, the feeling among life company executives was one of guarded relief, that they could now get down to the task of setting up the required administration systems to comply with the rules by the start date, April 1, 1990.

The regulatory authorities have for the past three years been putting forward the principle that the investor should know how much is being paid out in charges.

The problem for SIB was to decide the best way of presenting this.

SIB had considered showing the effect of expenses as a percentage deduction from premiums, a form that would have been more readily understood by the public, but backed down in the face of united opposition from the life companies and the intermediaries.

The expenses disclosure proposals will apply both to unit-linked contracts - where charges are already disclosed but usually in a complex form - and with-profits contracts

where expenses tend to be pooled between different contracts.

The expense disclosure is just one important feature of the complete range of product particulars that must be supplied to the buyer, including the nature of the investments, tax implications and penalties on early termination.

The other major factor causing SIB problems was the disclosure by the intermediary of its status under so-called polarisation rules.

These stipulate that intermediaries marketing life assurance and unit trust products must either be truly independent and deal with the whole market, or be the representative of just one life company or unit trust group and deal exclusively in the products of that group.

The solution devised by SIB was a Buyer's Guide which would be given to clients at the outset of a sale explaining both the status of the adviser and the service to be provided.

There are two versions of the guide: one for independents and one for company representatives. They will come into operation from January 1, 1990.

Some feel that it could be made into a useful sales aid, while others feel that it might put off a would-be client.

Nevertheless, the Association of British Insurers feels that the wording in both ver-

sions tends to play down the service that can be provided by a company representative.

SIB's final significant proposal relates to the traditional life companies and their producing a company booklet explaining various features of their with-profits business.

This business has tended to operate under a veil of mystery, with intermediaries having little information on the company's expense experience, investment policy and record and bonus philosophy.

The aim of the booklet is greater openness on a consistent basis, allowing independent advisers to compare companies in order to make recommendations to clients.

SIB has set out its proposals for such a booklet and its contents, with the aim of issuing it around August next year, based on information relating to 1989.

But on this particular subject it is still seeking the views of all concerned.

Rules and Regulations Amendment and Additions Release No 62, free to subscribers otherwise price £10. Life Assurance and Unit Trust Disclosure: A New Framework Consultative Paper No 27. Parts 1 and 2, free to subscribers otherwise price £10.

Available from the Securities and Investments Board, 3 Royal Exchange Buildings, London EC3V 3NL.

Councils questioned on poll tax inquiries

By Richard Evans

MORE THAN 300 local authorities in England and Wales are being asked to explain possibly irregular questions on community charge registration forms in a move that could affect the smooth introduction of the charge next April.

Mr David Hunt, the newly appointed Local Government Minister, is meeting local authority leaders today in an attempt to defuse what could develop into an embarrassment for the Government.

The problem has arisen because local authority community charge registration officers have sought information for the registration of adults for the charge, or poll tax. This may well contravene the Data Protection Act, which protects the individual from misuse of computer-based records.

Mr Eric Howe, Data Protection Registrar, has asked 304 councils to provide more information on the purpose of various questions asked on registration forms before he decides whether to prevent the information being stored on computer. Only 37 of the forms examined have been exonerated.

He is questioning 20 different categories of information, including relationships between those in a household, dates of birth, telephone numbers, further education details of students, and dates when premises are occupied.

If he decides the information contravenes the act, the councils will have two options. They can either destroy the information or transfer it to manual files, which are not subject to the act.

Mr Howe said yesterday that 22 councils - unnamed - had not even bothered to send him their registration forms, and they may have omitted to register under the Data Protection Act. He warned that failure to register could lead to unlimited fines in the courts.

Some local authority leaders believe the impact of the flawed questions on the timetable for collection of the tax could be chaotic. Ministers are being asked to clarify the situation urgently.

Mr Hunt said he was "very disappointed" that some councils had not followed the Government's advice on what questions should be asked on the registration form. He said the advice was agreed in advance with the local authority associations.

"Some councils seem to have demanded information to which they have no legal right," he said. "This is wrong and every possible step should be taken to ensure that such information should not only be kept off computers but should be destroyed."

One difficulty has been that although guidance was certainly given by the Department of Environment, it was left to local authorities to draft their own registration forms. It is only those that ask simply for the details of all those aged over 18 in a household that might not contravene the law.

South-east is 'key' to EC success

By John Hunt, Environment Correspondent

LOCAL AUTHORITIES in England and Wales have increased savings by 70 per cent in the last year by introducing additional value for money measures, according to the annual report of the Audit Commission published yesterday.

The report says the Government should explicitly recognise, as it has sometimes done unofficially, that there are wider grounds for a reference to the Monopolies and Mergers Commission than a potential threat to competition - including very high leverage.

The built-in advantage that bidders now enjoy should be eliminated by enforcing a fuller disclosure of information and reducing the threshold at which a full bid must be made from 30 to 15 per cent of the share capital.

The imposition of a delay before newly acquired shares can be voted should also be considered.

"Takeovers: Britain the only one in step?" £12.50, Prima Europe, 10 Cork Street, London W1X 1PD.

Local authority savings up by 70%, says report

By Richard Evans

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unofficially, that there are wider grounds for a reference to the Monopolies and Mergers Commission than a potential threat to competition - including very high leverage.

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A further £550m of opportu-

nities for budget savings have been identified by the commission's auditors but not yet picked up by councils.

Mr David Hunt, the newly appointed Minister for Local Government, welcomed the commission's work on value for money but emphasised that there was much more still to do.

"This is a good start, but the sat fact is that some councils still give their ratepayers very poor value for money. Councils must move towards greater efficiency and give a better deal for local communities," he said.

The report says that significant changes in local government legislation on the community charge, competitive tendering, local management of schools and the national curriculum had had a substantial impact on local authority management and auditing.

Audit Commission report and audit for year ending March 31, 1989. HMSO £5.

MoD to sell 200 acres in NW London

By David White, Defence Correspondent

MORE than 200 acres of prime Ministry of Defence land in north-west London are due to go in a long-awaited reorganisation of military facilities in the area.

The plan includes closure of six units and is expected to net the MoD at least £20m - taking into account the cost of relocating the units. Lower running costs over the next 10 years would bring total savings to more than £20m, the minis-

try said. The planned closures include the Mill Hill barracks,

where security arrangements were criticised after an IRA bomb attack a year ago.

Army and RAF units in the area are to be concentrated on three main sites - Uxbridge, Northolt and Bentley Priory.

The announcement, made yesterday by Mr Michael Neatby, junior Armed Forces Minister, follows the Commons Defence Committee's recent

criticism of MoD delays in selling 4,000-odd acres of surplus property.

The ministry said its plan, spread over five years, would involve "little reduction" in staff levels, since main units were being relocated rather than closed, but it said: "The possibility of some redundancies cannot be ruled out."

Staff were notified yesterday, and a consultative document has been sent to unions. The ministry said discussions with local authorities on planning permission would start shortly.

The sites scheduled for disposal include two in Hounslow

the Royal Army Ordnance Corps base at Beavers Lane Camp, which will be resisted at RAF Northolt,

THE PROPERTY MARKET

A amendment by amendment the Government is edging towards the introduction of the uniform business rate on April 1 1990, bringing about the most profound change in decades to commercial property taxing.

According to the Department of the Environment, there are no further changes in the offing to the announced plans for the switch from the old system of locally-based rates system to the new, centralised system.

But the pressure for change remains. It is the subject of the accompanying article. Still, the latest Government moves respond to the demands for an easier transitional period from the small business lobby.

The first revaluation of commercial properties since 1973 has inevitably meant that

T he Government has had a far easier ride on the introduction of the uniform business rate than it has on the poll tax.

The latest changes to its plans will be given effect through amendments to the Local Government and Housing Bill, now in the Lords, and the rate poundage itself will be set towards the end of the year.

It all looks relatively simple. But critics of the Government's approach, although welcoming the new concessions for small businesses, have by no means been disarmed. Pressure on Mr Patten will come from both inside and outside Parliament for, as a minimum, extension of the transitional relief.

The Confederation of British

Pressure for change

By Paul Cheeseright

some properties — offices in the south-east especially and prime retail premises nationwide — will face sharp rate increases.

In contrast industrial property users in the midlands and north will have lower rated bills.

To mitigate the pain of the increases, the Government has for long agreed that there should be a transition period during which the full scale of the higher bill will be phased in.

But, because the Treasury will not accept any diminution of revenue — that is the money

drawn in from the uniform business rate in 1990-91 should be the same as that drawn in from the present system in 1988-89 — there is a matching transitional period for those with lower rate bills.

The Government refined the nature of the transition by differentiating between large and small business. Where the rates bill rises, there is a ceiling of a 20 per cent increase plus inflation each year for the former and 15 per cent plus inflation for the latter.

It estimates that the annual

reduction in rates for those with lower bills will be 15 per cent for small businesses and 10 per cent for the large.

What the Government has now done is to change the definition of what is a small business. "Small" is classified as a property with a rateable value of £15,000 in London and £10,000 elsewhere, double the previous classification. The effect, said Mr Chris Patten, the Environment Secretary, is that "over 75 per cent of all businesses will benefit from the more generous rateable

threshold."

But the protection for those facing rate increases during the transition is restricted. It applies only to those occupying a property before March 31 1990 and remaining in it. If a property changes hands during the transition then the new occupier has to pay the full rate of increase immediately.

If, on the other hand, the rates bill for a property is lower, the phased decline will continue, whether there is a change of occupier or not.

What all this means is that, as the Inland Revenue puts it, "nearly 700,000 properties in

England benefit from having their increases spread beyond the first year, at the cost of deferring reductions for less than 400,000 properties."

While it is true that the size of a rates bill is rarely the determining factor in deciding on the occupancy of one property instead of another, the immediate cost savings of phasing can be significant.

Peter Harris Smith calculated the benefit of phasing on a larger City property at £5.00 per square foot and on a West End property at £11.00 a square foot.

But the benefit for an office user in the south is a continuing burden for an industrial user in the north. Hence the continued anger that lower rates arrive in a dribble rather than a flood.

valuation lists on which the uniform business rate will be based have not yet been published.

When they are,

the revaluation will inevitably throw up a large number of appeals against the assessments made by the Inland Revenue of the rateable values of individual properties. But this process will run into a further revaluation.

The Government has made clear that revaluations should take place every five years, that the distortions which arise from waiting 15 years for a revaluation should be avoided in the future.

But this means that the next revaluation will be taking place before the transitional period starting in 1990 will have been completed.

Rates Bill changes in England

Percent

Northern

-27 -7

Overall 1990-91

change

1990-91

Overall change

1990-91

MANAGEMENT

Corporate clothing

Uniformity in pursuit of a sharper identity

John Gapper reports on a growing trend among UK employers

Carole Creed, a part-time assistant at J Sainsbury's store in Walthamstow, Essex, sometimes questions why she should wear only stud earrings when she is at work. "I don't see what difference your earrings make to how you put out a tin of baked beans," she says.

Like other retail employers, and a growing number of financial services companies, Sainsbury supplies free uniforms to its staff; expects them to observe rules on their appearance covering hairstyle (and make-up for women) and insists that they wear badges with their names on.

Staff appearance is becoming a more important issue for banks and building societies as they switch emphasis to staff uniforms. The new branches open-plan and uniforms will enable customers to identify staff more easily. The uniform colour scheme will also back the branding effort.

The uniforms have cost the company about £250 each for the 14,000 employees who are to be kitted out. Other companies, spend less, but the outlay is still big. Mecca Leisure is currently spending £275,000 on outfitting 3,500 staff in its bingo halls.

Both companies say the exercise has boosted staff morale.

The Halifax Building Society

is one financial services employer which is giving out uniforms — or "corporate wear" — for the first time to staff in new retail branches. The branches themselves are being smartened up, in accordance with a design programme known as Branch 2000.

David Thornbarrow, divisional personnel manager, says the company sees two clear advantages in staff wearing uniforms. The new branches are open-plan and uniforms will enable customers to identify staff more easily. The uniform colour scheme will also

back the branding effort.

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The Halifax Building Society

A buoyant market for workwear

THE BUSINESS of making overalls for blue collar workers and suits for shop assistants was once one of the dowdiest areas of the clothing industry; but in the 1980s the workwear business has boomed.

In the 1980s the traditional purchasers of workwear have tended to treat their employees to smarter working clothes and to change their style more frequently. Meanwhile, a new source of customers has emerged in the financial services sector as banks and building societies have introduced uniforms for their staff.

The market for workwear — which embraces everything from overalls to army uniforms — was worth about £160m in 1988. There are now about 100 companies involved in the industry in the UK, employing around 30,000 people.

Most of the workwear manufacturers are small family firms. Alexandra Workwear, a

increasingly complex nature of the market to its advantage. It began in business as a traditional draper in the 1850s and moved into workwear 20 years ago. Alexandra has since expanded rapidly within workwear thanks to its policy of selling directly from stock, thereby cutting its delivery times to a minimum.

The company has invested about £12m over the past five years in equipping its three production plants in Strathclyde and its Bristol distribution centre with automated systems to improve efficiency.

Alexandra is now turning its attention to the rest of Europe. In April, it added a new base in Paris to its existing operation in Rotterdam. John Prior, the chairman, plans to open throughout the continent.

"West Germany will be the next new area," he said. "But there are lots of others to follow."

Alice Rawsthorn



Lydia van der Meer
The Halifax building society and Habitat retail chain have introduced staff uniforms as a way of reinforcing a brand image

have vague requirements on clothes and appearance.

But formal uniforms can provoke their own tensions between managers and staff. Their design can often speak eloquently of senior managers' opinions of their own workers, notably the common practice of not putting pockets in retail uniforms to discourage theft.

When the Woolworth multiple retail chain re-designed its uniforms as part of design changes at stores, pockets were included for the first time to allow staff to hold scissors and other equipment. The company placed some weight on the move as an expression of trust in its workers.

At the same time, Woolworth introduced name badges with spaces for stars showing progress through a staff training scheme. Mair Barnes, Woolworth managing director, says changes to uniforms and badges form part of a wider attempt to involve workers more in the business.

The spread in the use of staff name badges as part of customer care schemes can have some unforeseen consequences: the Co-operative Retail Society altered its policy that both fore- and surnames should appear on name badges after complaints of harassment of women staff at their homes.

Uniform design can provoke other delicate issues for women staff. There have been cases where employees have protested that uniforms are too risqué. There is an ambiguity in law over whether companies have to provide trousers as well as skirts for women; and industrial tribunals have

reached differing decisions on whether women have the right to wear trousers.

In one case, Richmond Health Authority was backed by a tribunal after it withdrew a nurse training place to a Sikh woman who said she would have to wear trousers with her uniform.

However, a tribunal ruled against British Home Stores (now BHS) in a case where they had insisted that a woman assistant wore a skirt. The tribunal declared that the detriment to Ms Limins of the company's insistence on skirts outweighed any commercial necessity.

In the leisure industry, some women have complained that their uniforms are too titillating. Mecca Leisure ran into problems in Wolverhampton earlier this year over re-designed uniforms of low-cut halter dresses for women in 11 nightclubs.

Two women at the Wolverhampton club objected to the dresses and left the club after being told that they had to wear them. The issue was raised in Parliament by a group of Labour MPs, and the company had to mount an energetic public relations drive to defend its name.

Such problems with staff over uniform design have led many companies to try to involve them at an early stage when a new uniform is being considered.

In the case of Halifax, the company first gained the agreement of its 10,000 branch staff to new uniforms through its staff association and then set up a consultative group to



work on designs. A number of workwear companies were asked to provide samples of designs and fabrics.

After a supplier had been chosen, it held a number of trials among staff to test the uniforms' comfort, durability and smartness. It has provided special uniforms for Muslim women, including matching silk leggings instead of skirts and a scarf to cover the head.

The company has also provided a variation for pregnant staff of a pinny-style dress. A survey undertaken by the Maternity Alliance earlier this year found that many pregnant women felt out of place at work because their uniforms no longer fitted.

Thornbarrow says the introduction of corporate wear through consultation has been appreciated by staff, and they are more inclined to keep the clothing neat and clean. The full programme of introducing uniforms in the new branches is due to be completed by 1992.

But in consulting its staff, Halifax has arguably been doing no more than its statutory duty. In one industrial tribunal case, two employees who refused to wear a "hideous" peasant-style uniform introduced by Sheraton were found to have been unfairly dismissed.

The tribunal found that their contracts of employment did not require them to wear any uniform provided. In a separate case, the Employment Appeals Tribunal ruled that a company must avoid making rigid demands about appearance which are not rooted in the commercial requirements of the business.

These legal imperatives, combined with the business disruption caused by staff discontent over uniforms, mean it is often sensible to consult workers on appearance rules. An improved public perception of a company is hard to achieve where uniforms and badges are worn unwillingly.

Business courses

Strategic management of technology, Edinburgh, September 15. Fee: £220 + VAT. Details from Battelle Institute, 15 Hanover Square, London W1R 9JY. Tel: 01-483 1084. Telex: 23773.

Residential course for business managers, Edinburgh, October 22-26. Fee: £1,500. Details from John Fairley, Department of Business Studies, University of Edinburgh William Robertson Building, 50 George Street, Edinburgh EH8 9JY. Tel: 031-667 1011 ext 6433.

Quality — meeting the 1992 challenge, London, November 23-24. Fee: full programme from £290 + VAT. Details from The Conference Office, The Institute of Quality Assurance, 10 Grosvenor Gardens, London SW1W 0DQ. Tel: 01-730 7154. Telex: 8950932.

Recruiting and employing graduates for 1990 and beyond, Brighton, October 19 and November 23. Fee: non-subscribers £250; subscribers £210. Details from Meg Reed, IMS training co-ordinator, Institute of Manpower Studies, Mantell Building, University of Sussex, Falmer, Brighton, Sussex BN1 9RF. Tel: 0273 686751.

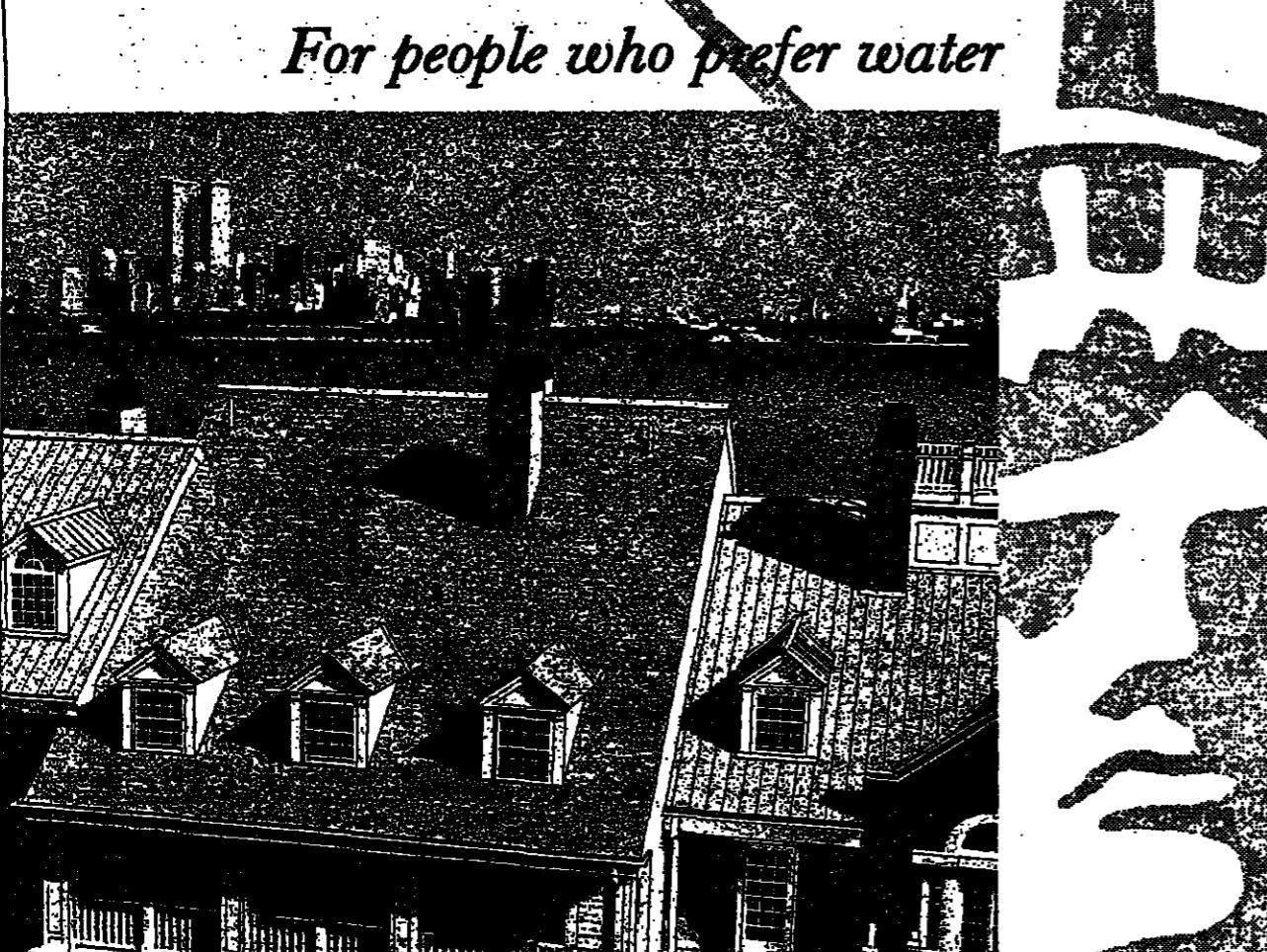
Successfully running a customer care programme, London, September 27 and October 25. Fee: £339.25. Details from IIR, 44 Conduit Street, London W1R 9FB. Tel: 01-434 1017. Fax: 01-437 3522.

Stanford Program on market strategy for technology-based companies, Stanford, October 4-6. Fee: \$2,100. \$2,000 for Stanford Alumni Association members. Details from Beverly Smith, Program Director, Stanford Program on Market Strategy for Technology-based Companies, Stanford Alumni Association, Bowman Alumni House, Stanford, CA 94305-4005. Tel: 415 734 2027/2021. Telex: 4931146 SAA UI. Fax: 415 732-8857.

Corporate planning in practice, Henley, October 22-27. Fee: £1,150 + VAT. Details from Henley — The Management College, Greenlands, Henley-on-Thames, Oxon RG9 3AU. Tel: 0491 571454. Telex: 849036 HENLEY G. Fax: 0491 571635.

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COMPANY NOTICES

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A\$50,000,000

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Notice is hereby given that for the three months interest period from 31st July, 1989 to 31st October, 1989 the Notes will carry an interest rate of 17.84% per annum.

Interest payable on 31st October, 1989 will amount to A\$2,248.33 per A\$50,000 Note.

The Mitsubishi Bank, Limited

London Branch

Agent Bank

LEGAL NOTICES

No. 020852 of 1989

IN THE HIGH COURT OF JUSTICE CHAMBERS DIVISION COMPANIES COURT

IN THE MATTER OF ANGLO-PARK GROUP PLC AND IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice, Chancery Division dated the 28th day of June 1989 confirming the winding up of the above-named Company and the Special Resolution approved by the Court showing with respect to the reduction of share capital of the Company or otherwise the several particulars named in the above-named Act were registered by the Registrar of Companies on the 21st day of July 1989.

Registered No. 2070439

by Lloyds Bank PLC on 27 July 1989

R E C Cook
Joint Administrative Receiver

NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS

We, R E C Cook and C W Neal, solicitors, Court 5, Minster Street, Manchester, M1 5BD were appointed joint administrative receivers of David Holt Limited.

Notice of appointment of joint administrative receivers dated 24 July 1989.

Jeffrey Green Russell,
Apollo House,
49-51 Queen Street,
London W1V 5DX
Tel: 01-593 7220
Fax: CT/192/M/0312/8

Solicitors for the above-named Company.

DBI FREIGHT LIMITED

Registered number: 2251885

Former company name: Multicargo Limited

Nature of business: Parcel Carrier, Freight Haulier.

Date of appointment of joint administrative receivers:

Name of person appointing the joint administrative receivers: Midland Bank plc.

Address of joint administrative receivers:

Office holder nos 158 and 056 of Cork Gulf, Churchill House

Churchill Way, Cardiff CF1 4QQ

Telephone: 0292 431167

Telex: 238409 DBI ATTN

Fax: 0292 431167

E-mail: DBI@CORK.GULF.CC.LLC

For FT Cityline Directory, FT-SE 100 Index and MF Access phone 0898 123456; Stock Market Report, 0898 122001; UK Company News, 0898 123002; sterling rates, 0898 123004. Calls charged at 38p per minute, peak & standard and 25p per minute, cheap rate

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ARTS

Arts Week

F | Sa | Su | M | Tu | W | Th

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EXHIBITIONS

London

The National Gallery. The Artist's Eye - this year the abstract painter Bridget Riley's turn to take her pick of the collections. She chooses a mere seven works, but all of them masterpieces: great figure compositions by Titian, Veronese, Rubens, El Greco and Cézanne. Daily until August 31. The Whitechapel Gallery. Euan Uglow - a retrospective of the paintings of the nude by a painter who is at once the most severely objective and the most seductive of our painters of the figure. Until September 3; closed Mondays.

Paris

The Louvre. The glass pyramid, built by I.M. Pei, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Erected as a small part of the 1980s the Louvre later expanded to become a renaissance royal palace only to be turned into a museum in revolutionary 1789. Since then, the modernisation of the museum's infrastructure became a matter of utmost urgency and the pyramid's centralising role is an important step towards the completion of the project of the Great Louvre, planned for 1995. It will involve the moving around of 800 of the exhibits, but the three stars - the Mona Lisa, the Victory of Samothrace and the Venus de Milo will remain firmly in place. Open 9am-6pm, Mon and Wed until 9.45pm, closed Tue. Gallerie des Combattants. Fondation Giacometti. Some 100 works retrace the painter's creative development from the post-academic beginnings to the future period and to the greater drawings of the 1940s and 1950s. The mixture of accomplished masterpieces and of rapidly dashed off sketches, adds a refreshingly flavours to the exhibition. Closed Tues and Weds 27. Centre Georges Pompidou and La Grande Halle de la Villette. A mammoth exhibition - Les Magiciens de la Terre - is ambitiously subtitled the First World Exhibition of Contemporary Art. Taking four years to prepare and costing FF 30m to stage, the exhibition needs all the space of the 5th floor of Beaubourg and the Grande Halle de la Villette to accommodate the 100

artists - half of whom come from the third world - whose works span the globe. The exhibition assembles bark paintings by Australian aborigines, a house repairing for circumcision ceremonies in South Africa, figures of lions and elephants from Benin and decorated coffins from Ghana. Even the western artists were chosen according to their relationship with the Third World. Centre Georges Pompidou (27771233) and Grande Halle de la Villette, 211 Ave Jean-Jaurès, Metro Porte des Champs (4248722). Both exhibitions closed Tues and ends August 14.

Martigny

Fondation Giacometti. A Henry Moore retrospective of some 50 works, 30 drawings shown in rotation and 60 engravings to as impressive by the judicious selection of the artist's most exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop. There are family groups, majestically reclining figures, the hieratic couple of King and Queen. But most of all, though he be in bronze, marble or alabaster, be they of vast proportions or fitting into the palm of a hand, are a hymn to eternal motherhood. Ends Nov 19 (225-223978).

Brussels

L'Ecuyer, 20th Century Crystal, ends August 30th. 157, Avenue Louise, Centre Culturel le Botanique. A sense of catastrophe - art in the 1980s shows works of American and European artists. Closed Monday ends August 13.

Frankfurt

Schirn, Kunsthalle Am Römerberg 6a, A Wassily Kadinsky retrospective (1886-1943). Wassily Kadinsky, co-founder of the famous Blue Horse style also created a new form of abstract painting. He left Russia four years after the revolution and was forgotten for many years. To rehabilitate him 45 years after his death, 20 museums from all parts of the world have lent about 170 oil paintings, watercolours and drawings for this unique exhibition, only to be seen in Frankfurt.

Sonnen

Kunsthalle am August-Macke-Platz, Hochstadtring 22 Centres, Residences and Metropolis in German History. This interesting exhibition, organised by Bodo-Michael Baumgärtel, about 500 works on loan from private collections and museums. It is the government's contribution to Bonn's 2,000th anniversary. The ground floor of the Kunsthalle, with all walls painted black for effect, offers a view of important paintings, silver items, signs and personal distinctive belongings of German politicians, from the Middle Ages to the present. Aachen is represented as the seat of Charile-

magne, Nuremberg as the Emperor's city, Regensburg as town of the overruling diet and Frankfurt as the seat of Germany's first national parliament. There are portraits of Konrad Adenauer, Theodor Heuss and Ludwig Erhard. A reconstructed model shows the original layout of Berlin's famous Wilhelmstrasse, the location of the Prussian government ministries. A reconstructed steel bridge leads the visitor into the postwar period. Here, can be traced the first years of the Federal Republic of Germany and its capital Bonn. Sketches and models for the Bundestag and Reichstag, as well as photographs of the first German Chancellor, Konrad Adenauer, who strongly influenced the political postwar development. Ends August 20.

Bremen

The Kremlin Gold. The exhibition is jointly organised by the Bremen Übersee Museum and the Moscow Kremlin Museum. This presentation of around 80 pieces of Russian goldsmiths' art covers the early Byzantine period through to the beginning of the 20th century. It shows the different styles of the goldsmith's art such as filigree and enamel work in the 15th century, colourful decorations with precious stones in the 17th century, followed by the European influence of the 18th century. Bremen Übersee Museum, Baumhausplatz.

Amsterdam

Amsterdam Historical Museum. A selection of 70 design drawings from the private collection of art dealer Lodewijk Houthakker. Spanning four centuries, they range from delicate architectural detail to grandiose pipe-dreams, and merely what the appetite to see more from this fabulously collection of more than 1,000 sheets. Ends Sept 17.

Vienna

Secessions. Never to be accused of neglecting the younger generation of Austrian and international artists, this gallery is exhibiting Vienna artistic scene during 1888 as well as a unique photographic exhibition by Alfred Klein. Until August 27.

Schloss Grafenegg, in Lower Austria. Besides a marvellous place to visit, there is a wonderful exhibition of children's books and fairytales. Until September.

Rome

Galleria Nazionale d'Arte Moderna. The Sennenhund Collection contains a little of everything, from pop-art with some of the best-known works of Warhol, Lichtenstein, Jim Dine, followed by examples of American minimalist art (Flavin, Judd, Morris), to conceptual art and Arte povera, with work by Gilbert and George, Pistoletto, Pistoletto and Kounellis, ending with some curious examples of German

neo-expressionism. Until Oct 2.

Turin

Russian and Soviet Art: 1870-1930. Remo Piano, architect of the Beaubourg, has given the 250 works chosen from Soviet museums by Giovanni Carandente an immensely effective setting, combining the floor works of the discussed Flot factory into the equivalent of an Arab tent. The works are hung on suspended panels of white gauze divided into 22 or less chronological sections, colour-coded by the sequence Bolshevik-red banners which flutter in the breeze in the square outside. Many of the early figurative paintings on show give evocative glimpses of life in the Russian villages and the particular quality of the work of the most famous of all Russian artists, Vassily Kandinsky. Autumn Woods, Nestorov's penitent girls in traditional dress at the lakeside and Vinogradov's inviting summerhouses on the slopes of the Crimean hills, with the unexpected hidden gardens. Compositional and sophisticated, Russian artists could hardly have been in closer contact with contemporaries in France and Germany. Matisse was in Moscow to install his two paintings, Music and Dance in the house of the collector, Sergei Shchukin. Two studio portraits of Youngsters and The Thirsty Fighter contain clear echoes of these. The giant figure of the prototype of Impressionism, Diaghilev, looms over the exhibition. There are two portraits, one by Serov, elegant and devlish, dated 1904, and another, with his wife, dated 1906. There are numerous original designs for the sets of the Ballet Russes: Petrushka (1911) and Pavillon d'Armande, by Benois (1907), the ballet which marked the beginning of Fokine's career as a choreographer and that of Nijinsky and Pavlova as dancers, at the Marigny theatre. A number of remarkable portraits stand out, including Vladimir Tretchikoff's typically-faced Sailor to Altman's faintly expressionist portrait of the poet Anna Achmatova (1914), with its intense blues and yellows. Serov's mournful Grand Duke Pavel Alexandrovich and Chagall's Red Jew, Chagall has a section to himself, which includes a number of charmingly grotesque scenes, such as The Dutch Window, as does Kandinsky, with three fine works.

Spoleto

Rocco Alborghizzana and Church of S. Nicola. 17th century painting in Umbria. The exhibition is the result of nearly 20 years research work by Professor Brunocci and a group of helpers, who have been through Umbrian churches and convents with a tenacity and the gleefully restored results can be examined close-to in two settings (of which

the latter is by far the most satisfactory). The works are uneven in quality, but all are interesting, some telling a story (often in the second half of the picture, in the lower right-hand corner), and often barking back in style to earlier artists such as Perugino. Not all are by local painters, a notable exception is fine work by the French painter Jean L'Homme (signed and dated 1631), and some are discoveries, such as an unknown, Francesco Furci. One of the most beautiful is the Maestro di Serone's arresting and enigmatic Work-and-Wait, depicting Christ (with an almost Victorian head of curly hair and roughly eight years old) standing between his parents (a rough cross from wood fragments from the workshop, and binds them together with fine red thread) and his parents eyes meet in anxious premonition. Ends Sept 23.

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London

Ballet. At the Coliseum the Bolshoi Ballet storms through a repertory of full-length ballets, including *Onegin*, *Spartacus* and *Romeo and Juliet*.

Paris

Grand Palais des Champs Elysées. Ballet Moissi: Russian and world folk dancing (4277075).

Bayreuth

Bayreuth Festival. Wagner fans from all sorts of the world will see the premiere of a *Parsifal* production by Wagner's grandson Wolfgang. Conductor James Levine had a strong cast including William Dell in the title role, Bernd Weikl, Matthias Hoelle, Birgit Stein, Frank Peter Zimmermann and Michaela Schmitt. After criticism of Harry Kupfer's Ring cycle production, changes are expected for the revival. The main roles are once again sung by Siegfried Tomlinson, Rainer Goldberg, John Tomlinson, Peter Hoffmann and Natalie Stoye. Paul Everitt in the title role, Cheryl Studer, Nadine Secular, Ekkehard Wlaschin, Gabriele Schmitz and Eike Wilm Schulte.

Venice

Museo Correr. French Impressionists from the Mellon collection at the National Gallery of Art in Washington. More than 80 paintings by Cézanne, Renoir, Degas, Sisley, Pissarro, Gauguin, Van Gogh, Toulouse-Lautrec, Bonnard, Vuillard, Signac, Seurat, etc. are on display.

New York

Museum of Modern Art. A retrospective of the work of Helen Frankenthaler covering 40 years in 40 paintings explores the development of abstract expressionism since the war. Ends Aug 20.

Washington

National Gallery. More than 400 images are part of a massive retrospective of the 150 years of photography, here represented by Alfred Stieglitz, Walker Evans, Laszlo Moholy-Nagy among dozens of others. Ends Aug 13.

Chicago

Art Institute. Two years after his death, Andy Warhol continues to make news with his new diary; even his work retains surprising freshness amid the variety that extends far beyond family images like Marylin Monroe and Campbell's Soup cans. Ends Aug 13.

Tokyo

National Museum. Heijo-kyo Exhibition. Important archaeological finds excavated in the past 30 years in Nara, where Japan's capital and imperial palace were located in the eighth century. Closed Mondays.

Tel Aviv

Tel Aviv Museum. Takeji Fujishima (1887-1943). Fujishima's work reflects the course of European Modernism but remains quintessentially Japanese in its delight in decoration for its own sake. The exhibition shows landscape, still life and portraits. Closed Mondays.

OPERA AND BALLET

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Verona

Teatro. *Romeo and Juliet*. With Antonella Buaudi in the title role, Dolore Zajick sings Amneris, and Giorgio Lamberti and Giuseppe Giacomini. Radames. Also *Romeo and Juliet*, with choreography by the Royal Opera Ballet company's director, Peter Wright, with Margherita Parilla and Mario Marzoli in the lead roles. (461755/463641).

Viareggio

Puccini festival (at nearby Torre del Lago). Madama Butterly, with Renato Bruson and Franco Tagliari, conducted by Bruno Maderna. After criticism of Harry Kupfer's Ring cycle production, changes are expected for the revival. The main roles are once again sung by Siegfried Tomlinson, Rainer Goldberg, John Tomlinson, Peter Hoffmann and Natalie Stoye. Paul Everitt in the title role, Cheryl Studer, Nadine Secular, Ekkehard Wlaschin, Gabriele Schmitz and Eike Wilm Schulte.

Verona

The Arena. This week's performances include Verdi's *Nabucco*, conducted by Daniel Oren. Gianfranco d'Asio's revival of the 1913 edition of *Aida*, conducted by Pinhas Steinberg (Aprile 22).

Washington

Shostakovich's *Lady Macbeth of Mzensk*, with Maria Björnsson and Nicolai Marinucci, conducted by Nello Santi, with Florence Cosotto, Nicolai Marinucci, Bruno Bercaccia and Silvana Carroll. (506517/500516).

New York

New York City Opera. The week features the first performance of *The Mikado* with Lisa Saffer and Richard Mackie in the title role, with Lotfi Mansouri's production conducted by Peter Sellars. *Die Zauberflöte* conducted by Scott Bergeson with Elizabeth Hynie as Pamina, Elizabeth Carter as Queen of the Night and Walter Macneill as Tamino; and *Rigoletto* with Maureen O'Flynn as Gilda, Susanna Mälkki as Maddalena and Alberto Silverio in the title role, conducted by Scott Bergeson. Lincoln Center New York State Theatre (477 4700).

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In the second week of their visit, the company performs *Romeo and Juliet*, *La Bayadère*, *Swan Lake* and *Don Quixote*, with Maurice Béjart in the lead roles. (4618 3220).

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Chicago

Driving Miss Daisy (Briar Street). The touching relationship between a doyenne, played in this production by Dorothy Loudon, and her black chauffeur, with Andrew Lloyd Webber's haunting melody in this mega-transformation from London (239 6200).

Tokyo

Les Misérables. Imperial Theatre (201 7777). Strongly-cast revival (in Japanese) of the stirring musical of the storming of the Paris barricades. The production, directed and choreographed by Trevor Nunn, is a sell-out. The credits are dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poem set in a bleakly grimy and cheerfully exoticised feline (239 6200).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre. (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was

and Bruno Bercaccia, and Nello Santi's *La Forza del Destino* with Maria Chiara, Giorgio Zancanaro and Nicola Martirucci, conducted by Peter Sellars. (4618 3220).

London

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Verona

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Bolshoy Spectacular

COLISEUM

The final offering in the Bolshoy repertory is an evening for showing off: for showing off classic and romantic style, and those assault-course moments of leaps and spins, and teeth bared in triumphant smiles. The more extravagant moments, the filling in the sandwich for *fouetté* fans, are framed by *Les Sylphides* and the last act of *Raymonda*. What is so admirable about these sylphides is their warmth of manner. Casts nearer home tend to look as if pernicious anaemia is but a jeté away: the Bolshoy's women are as airy as one could wish, but unhaunted by that maimed gaze and weak-pulsed movement that is the local approximation of "Fokine style".

So, in Wednesday night's performance, how good to see the soaring Erika Lutina in the mazurka, and the floating Nina Semenyska in the little waltz, telling us about the movement with the most delightful charm. Nothing mopey here, but full-toned and beautifully phrased movement, echoed by the dancing of their sister sylphes and from Alla Mikhalchenko, a delicate account of the leading role.

There followed those divertissement duets which rely upon technical prowess rather than artistry. Pas de deux from the hallowed classics were paraded like so many circus horses — one or two of the nags tending to bolt, eyes rolling and plumes awry — but if there must be these affairs, then the Bolshoy gives its public ample measure of tricks and dizzying spins. Two items seemed to me to be of real merit: Irak Mukhamedov's glorious dancing in the *Corsaire* duet, and a scene from the second act of Bouronville's *La Sylphide* for Lyudmila Semenyska and Andrey Fedotov.

Mukhamedov, at his moodiest and most magnificent as the slave, took to the air, carving marvellous shapes — like the superb technician he is — but also establishing a character, like the even more superb artist that he is. Knock-about dross made gold. As with those other Kirov-schooled ballerinas, Kolpakova and Makarova, Semenyska has a natural and bewitching affinity for the Sylphide. She set out Bouronville's delicate mix of buoyant dances, with all the proper airs and graces, the delicious trappings of romanticism seeming natural, poetically true. Fedotov, with a marvellous jump and a bright step of temperament to every step, is clearly a fine James, a rare talent.

Fedotov was also one of the soloists in the last act of *Raymonda*. As we know from the company's last visit, Grigorovich's staging is a feast of classic dancing. I wish the *Swan Beauty* had been as well produced (this season) and in its celebrated male quartet the Bolshoy men produced that impeccable, noble dancing which is to be seen with no other company in this test-piece of academic style. It is typical of the Bolshoy that such strength should seem natural and easy: sixteen classic soloists, the vivid ensemble in the character dances, demonstrate a grand assurance — and it is worth watching Gediminas Taranda in a solo fragment to see how rhythm can inhabit a dancer's body. Nina Ananashvili was a youthful, attractive Raymonda. Alexey Fadeyevich her ever-gentle cavalier.

Under Alek Zharutis and Alexander Kopylov, the Wren Orchestra has provided sure accompaniment this season. Clement Crisp

A Little Night Music

CHICHESTER FESTIVAL THEATRE

Stephen Sondheim's 1973 musical had a famous last-minute addition, "Send in the Clowns." It is an indication of the great success of Ian Judge's Chichester revival, which opened last night on the 60th birthday of the theatre's retiring artistic director, John Gale, that the item is properly restored by Dorothy Tutin to its dramatic context.

The show was always a schlockers version of the 1956 Ingmar Bergman movie, *Snows of a Summer Night*. Hugh Wheeler's book and Sondheim's lyrics set up a curious tension between Scandinavian angst and Broadway bitchery. Mr Judge and his designer, Mark Thompson, have settled boldly for Scandinavia. The Pechner chateau, rather than the rather stiff turn of the century castle I remember at the Adelphi in 1975.

The dinner-suited choral quintet are replaced by wraith-like spirits in pastel 18th century gowns. They glide and stoop, enveloping the characters in their own stories. They all sing superbly. The

Hampshire and McEnery do extraordinarily well, leaving Mr Flynn to demonstrate the real art of the Sondheim wamble, full-throated and simultaneously inflective. Miss Tutin gives one of her very best performances, partly because her mittel-European vocal mannerisms are entirely eclipsed by the glottal eccentricities of Lila Kedrova, as her mother.

Mother is another story. Madame Armfeldt is supervising the musical by telling her granddaughter (Debra Beaumont) that the night will smile three times — for the young, the fools, and the old. It does so, the triple format reflected in the predominance of the waltz rhythm. These waltzes are gentle, sensitive, military and maure.

The Act 1 finale is syncretic congeuration in two parts. The Count (Colin Maguire), is insufferably and comically disloyal to the scheming Countess (Susan Hampshire) finding a new

world where kings have become employers. You feel she has not only seen most of old Europe, but consumed it as well.

The musical has been as well thought out and cast as it has been sensitively lit by Nick Cheetham. It restores Tutin and McEnery to their rightful positions in the front rank. And



Peter McEnery and Dorothy Tutin

making Mine Armfeldt, a creature of swooping and sweeping judgements in a glittering evening gown and an elegant right wig, an irresistible amalgam of Martha Kit and Colette. Her vowels are of a death-defying strangulation pitch, and she transforms the sleepy old catalogue song, "Lilacsoons," by bursting in to complain of a

start of the opera. The remainder of the casting and the production itself by Giulio Chazarieles are considerably less rewarding. Instead of accepting that discipline and an acute sense of style are the ways to overcome the opera's weaknesses, we are confronted with an approach that guys the action at every turn, and in which everyone is encouraged to stand around in the most unlikely of poses. The opening chorus, danced to a flurry of beribboned sausages and baguettes, sinks one's heart into the ground before any soloists have opened their mouths. Even von Stade is not immune from this desperate plague of over-acting, and neither Massenet's cause, nor that of French comic opera in general, is best served by well-meaning yet embarrassing ventures such as this.

Michael Coveney

Massenet's 'Chérubin' in Santa Fe

Five productions, all of them brand

new, make up the Santa Fe Opera's thirty-third season, which opened at the end of June and will finish in three weeks' time. To London-based opera-goers, used to a similar number of fresh productions eked out through a whole year at Covent Garden or the Coliseum, the energy and the depth of resources available to this company are salutary. Not content with enjoying what must be one of the most spectacular settings for an opera house anywhere in the world — perched at 7000 feet among the red-ochre hills of New Mexico, and open to its endless velvet-black skies, the company is always seeking to enrich and expand its repertoire.

As well as a regular commitment to presenting brand new works, the roster of operas for which Santa Fe has mounted the American premières is immensely impressive and catholic too: *Lulu* (in both two-act and three-act versions), *Owen Wingraff*, *Villa-*

Lobos' *Yerma*, *Stravinsky's Perséphone*, five operas by Henze, two each by Hindemith, Penderecki and Schoenberg, and the first professional stagings in the US of no less than five by Richard Strauss.

The novelties this year are the US première of Judith Weir's *A Night at the Chinese Opera*, of which much more tomorrow, and Massenet's *Chérubin*, for which no primacy is claimed, but which is nevertheless an exceedingly rare score to happen upon in a fully fledged, not to say lavish, production.

Chérubin was first seen at Monte Carlo in 1905, with Mary Garden in the title role. It is based upon a play by the Belgian dramatist Francis de Croisset, which picked up the story of Chérubino where Beaumarchais (and Mozart and Da Ponte) left it. Chérubin has advanced to the age of 17, now has the run of his own splendid château, but is still hopelessly impulsive and apt to be carried away by almost every woman he encounters.

In the opera, he at last is made to realise that quality rather than quantity is what counts in such matters, and for the first time he's able to sort out where his true affections lie.

It is a neatly worked but desperately slender plot, and returning to this highly conventional, stereotyped view of the character so soon after encountering the randy, sweat-shirted Cherubino of Peter Sellars' *Pigaro in Purchase*, New York was a culture shock indeed. A jolt too in the music, for though Massenet evidently responded to de Croisset's play with huge enthusiasm, secured the operatic rights and composed the score at great speed, he did not put it into more than a modicum of his best music. Even the most rabid defender of Massenet's worth would find it hard to make a case for very much of this; the purple patches are strictly rationed, and curiously it is the music for Nina, the faithful girl who eventually wins Chérubin's heart, rather than that for the hero himself which

holds most interest.

In Santa Fe the score is conducted for all it is worth by Mario Bernardi, who takes every opportunity to put some muscle into the music, though purists will regret the passing of portions of the second and third acts — a draconian cut near the final curtain brings the opera to an end with a definite jolt. A significant fraction of the singing passes muster too, particularly that of Frederica von Stade as Chérubin (the lad is still deemed a soprano), and whose keenness to sing the rôle on stage was evidently the trigger for this production. She gilds the phrases with unfailing grace and delicate shading, though her words (the opera is given in French) carry little better than those of her colleagues. The Nina of Sheryl Woods is uncomplicated, appealing and stylishly sung, while Karen Huffstodt cuts a spectacular figure as L'Enseignell, the exotic dancer whose charms are obsessing Chérubin at the

start of the opera. The remainder of the casting and the production itself by Giulio Chazarieles are considerably less rewarding. Instead of accepting that discipline and an acute sense of style are the ways to overcome the opera's weaknesses, we are confronted with an approach that guys the action at every turn, and in which everyone is encouraged to stand around in the most unlikely of poses. The opening chorus, danced to a flurry of beribboned sausages and baguettes, sinks one's heart into the ground before any soloists have opened their mouths. Even von Stade is not immune from this desperate plague of over-acting, and neither Massenet's cause, nor that of French comic opera in general, is best served by well-meaning yet embarrassing ventures such as this.

Andrew Clements

BBC Philharmonic

ALBERT HALL

The performance of Strauss's *Ein Heldenleben* at Wednesday's Prom was dedicated to the pianist John Ogdon, who died on Tuesday. For a man who spent much of his life championing grand and difficult piano works and in his later years struggled to overcome personal battles with immense fortitude, the theme of a hero's life was by no means inappropriate. To Edward Downes and the BBC Philharmonic Orchestra he had been a personal friend.

The orchestra has often been heard recently at the Proms as the purveyor of large-scale romantic scores and on this occasion they turned in a thoroughly respectable account of *Ein Heldenleben*, even if it fell short of full heroic stature. Downes is an adept Straussian rather than a flamboyant one and the performance was very much the thoughtful affair one might have predicted.

In this work, as in Bar's *Tzadik* which had opened the programme, the orchestra produced a clean, tensile sound. The general feel was akin to that of the Oslo Philharmonic when they played the same piece here, with strings short on warmth and brass riding the orchestra prominently.

Richard Fairman



Bernard Bresslaw

The Swaggerer

OPEN AIR THEATRE, REGENT'S PARK

This nightmarishly unfunny rehash of Plantz's leaves one stunned with its mediocrity. To call it undergraduate would be to insult even today's declining educational standards. The fault lies not in the intentions of adapter Brian Trennan, composer Carl Davis or producer Caroline Smith but in their execution. (If, in this French Revolutionary year, you see what I mean.)

They knew that Plautus' originals were the first musicals, in some cases consisting of up to 90 per cent singing, and that the dialogue was peppered with bawdry, *nouvelles ententes* and the clowning that we in Britain still enjoy, in expurgated form, in pantomime. The trouble lies with the actual quality of the work: numbingly corny old jokes, leering snout reiterated so that the feeble intelligence can grasp it ("Can you grasp it?" "Can you — handle — it?" — nudge, snirk). According to this production the Romans flogged their jokes, like their slaves, to death; a greater crime against humanity, theatrically speaking.

The title-role of course defines the Miles Gloriosus, the

braggart soldier, a vain bully, a liar, a lecher and ultimately a coward. His bombastic type is familiar from *commedia dell'arte*; his descendants on the English stage are legion and include the shabby genet of Falstaff, refined and moderated by the civilising north. Bernard Bresslaw has nothing to do in the part except huff and puff, boom, snarl and gawp when taken in, like the later fat knight, by false promises of love.

These are provided by Sally Dexter's Ariberta, a lascivious figure combining elements of Joan Collins and Jane Russell, blue of eyelid, moist of lip and restless of tongue, who vamps her way splendidly through an Act 1 finale as a woman of ill repute just when we are dreaming longingly of the golden age of theatrical sophistication (Brian Rix, *Budgie*). Along with a little drunken song from Teddy Kempton and the bedraggled dimness of David Mallinson's thick-witted slave, Miss Dexter shows there is life — and style — in the Park yet.

The plot is soon lost in the general floundering search for a consistent style, and, sub-

merged in the jog-trot tinkle of Mr Davis' score that makes one yearn for the trail-blazing treachery of *Salad Days*. Four ever-present "Cantors" command, sing indistinctly miked, which scarcely helps with the unfolding of events) and participate from a raised stage within the acting area. Simon Riegert's design gives it an authentic-looking painted backdrop and places the small band stage right to be led by Stefan Bednarzyk in a toga, setting the ultimate seal of

Martin Hoyle

A Midsummer Night's Dream

FRANKFURT

Britten's operas may be quite well known in Germany, but they are not yet familiar enough to preclude the wonder and respect that seems to greet each new production. The Germans are still learning not to underestimate Britten. This staging of *A Midsummer Night's Dream* in Frankfurt is welcome because it gives such an accurate impression of Britten's genius as a musical dramatist. Gary Bertini and his orchestra show themselves to be completely inside the idiom, playing with the kind of inspired coherence and attention to musical emphases that casts a spell over the whole performance.

Bertini has been equally astute in his choice of cast: all are young and gifted singers, who respond vividly to the music and the stage direction of Thomas Langhoff. After the tumult suffered by the company in the wake of the opera house fire 20 months ago, if is good to be able to report such a clear artistic success. Britten's Shakespeare opera has the smaller scale of the Schauspielhaus far better than it would the large theatre next door. Indeed, judging by the clear acoustic and freedom of interplay between stage and auditorium in this production, there may be some who will regret having to return to the rebuilt opera house early in 1991.

The production's least promising aspect is its visual framework. The East German designer Pieter Hein has tried to clarify the distinction between natural and supernatural by putting them on different planes — the front-of-stage world of everyday reality inhabited by lovers and mechanics, and the supernatural world on an elevated, enclosed stage, with all the dislocated perspectives associated with dreams. The idea is not a bad one, but it is neutered by the clinical, colourless decor, which searches in vain for a contemporary resonance and

end-of-term theatricals on the enterprise. Or perhaps that honour should go to Ian Talbot as the manipulating slave Troilo — the Franklin Howard part. Two and a half relentless hours of the inexhaustible (unlike me) Mr Talbot produce more funny voices, funny faces and jocular chat with the audience in the interval than we usually get in the whole Regent's Park season.

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Andrew Clark

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

ARTS GUIDE

MUSIC

London: The Proms. Works by 114 composers will be heard during this year's Promenade Concert season, which continues until September 16. Most concerts take place at the Royal Albert Hall, though St Paul's Church, Knightsbridge, and Kensington Town Hall are also used. Tickets for most concerts cost from £3 to £11. They can be obtained on 0898 222 9465 (10am-6pm) or 071 4444 234 (24 hours); promenade tickets are available only at the door on the day of the concert priced at £1-50 or £2.

This week's concerts include: London Choral Society and BBC Symphony Orchestra under Lothar Zagrosek, playing Kodaly and Brahms (Sat); BBC Concert Orchestra conducted by Barry Wordsworth in a programme of American music (Sun); Academy of Ancient Music, conducted by Christopher Hogwood in a performance of Handel's *Ode to St. Cecilia* (Mon); Royal Philharmonic Orchestra conducted by Vassily Ashkenazy, playing Brahms, Mussorgsky and Glière (Mon); BBC Symphony Orchestra, conducted by Andrew Davis and Witold Lutoslawski, playing Ravel, Lutoslawski and Berio (Tue); BBC Philharmonic Orchestra conducted by Edward Downes in a concert of Bar, Walton and Strauss (Wed); and the BBC Philharmonic Orchestra conducted by Valery Gergiev, playing Prokofiev, Schnittke and Tchaikovsky (Thur).

Paris: Clémence Pascal Moragues, National Youth Orchestra, with Adam Gatehouse conducting; Strauss, Debussy, Mahler. (Sun) Concertgebouw.

Mitsuko Uchida (piano), Schubert, Deb

FINANCIAL TIMES

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Friday August 4 1989

Italy's role in Europe

MR GIULIO ANDREOTTI'S return to office for the sixth time as Prime Minister of Italy is an encouraging event for those other European leaders anxious to force the pace towards monetary integration within the Community. At the level of heads of government, his commitment to the European "idea" is second to none. Moreover, having spent the last six years as Foreign Minister, he will have gained some awareness of the crucial domestic reforms which are still needed to validate Italy's credentials as a spearhead of European integration.

When Italy takes over the Community presidency in 12 months' time, Mr Andreotti's skills of mediation, much applauded during the last Italian presidency in 1985, could be extremely valuable in launching the inter-governmental conference which is designed to plan for the next stages of monetary union.

When introducing his government's programme to the Italian parliament last week, Mr Andreotti appeared to relinquish Italy's looming responsibility for calling such a conference. If Mrs Thatcher sticks to her guns she will oppose it. Mr Andreotti will certainly stick to his and should win the question by majority vote in the Council of Ministers. If bridges can possibly be built between conflicting positions at the subsequent conference, then there are few better equipped for the task than the Italian Prime Minister and his Foreign Minister, Mr Gianni De Michelis.

Better citizen

Their authority would, of course, be all the greater if Italy was seen to be trying harder to be a better Community citizen. For the moment, Mr Andreotti sees the question in the rather narrow terms of a swifter and more efficient application of EC directives. A broader vision would appreciate the need to jettison the petty bureaucratic protectionism practised at Italian borders and for greater realism about opening up the domestic car market to Japanese competition.

Aligning Italy with the European mainstream does not end here. The Delors report specifies

call urges governments to begin curing significant economic imbalances. The persistent significance of Italian budget deficits - this year's will be 11 per cent of gross domestic product - needs no underlining in a Europe moving towards free capital movements. Mr Andreotti's coalition will need to show that it has more than a rhetorical strategy for halting the steady accumulation of government debt which now approximates to annual GDP.

Fresh hope

Mr Guido Carli's appointment as Treasury Minister serves to provide some fresh hope since the former Governor of the Bank of Italy is a man of proven ability who says he is ready to risk public unpopularity in the cause of restoring a better balance to public finances.

There is much less reason to doubt Mr Carli's determination than that of some of his colleagues. Italian ministers are generally loath to court electoral retribution and if Mr Carli tries to turn his colleagues towards the sound of gunfire, there is the ever-present danger that they will herd in the opposite direction.

Sadly this is only one of several potential threats to Mr Andreotti's sixth administration. Another is the distant thunder of renewed civil war within the Christian Democratic Party whose recapture of the premiership after the 1987 general election has regrettably coincided with the return to instability of Italy's governing coalitions. Some of the responsibility for this has to be laid at the door of Mr Bettino Craxi, the socialist leader, who may yet be tempted to unseat Mr Andreotti and to force early national elections if his party does well in local polls next spring.

Mr Andreotti will strive to achieve his European goals, but will be hampered by the need to play the political game at home. In this, his position is not fundamentally different from that of other European leaders. But the Italian version of the game is so complex that the gulf between aspirations and action may prove too wide for even him to cross.

An arts policy in disarray

THE PHYSICAL condition of the Tate Gallery in central London gives some indication of the priority accorded to the arts by the Thatcher Government during a decade of rising national prosperity. The roof is so leaky that buckets have had to be put out to catch drips. Priceless works of art have narrowly missed a drenching. The main building lacks both air conditioning and smoke detectors.

The Tate's plight is by no means exceptional. After years of neglect, it is estimated that around £100m needs to be spent to repair the crumbling infrastructure of London's leading museums and galleries. The chairman of the top five institutions recently wrote to the Prime Minister warning of an impending financial crisis. Their protest was immediately echoed by Mr Luke Rittner, the secretary-general of the Arts Council, the body which distributes government subsidies for the performing arts. An inability to maintain buildings and equipment is far from the only problem facing arts administrators. A more immediate concern is how to finance salaries, which in the case of the leading museums rise automatically in line with civil service awards. Government grants to museums and the performing arts are rising at an annual rate of little more than 2 per cent - far below the rate of inflation.

Budget surplus

Many foreigners will find the squeeze quite baffling. Britain, they have been told, is enjoying an economic renaissance. The economy has expanded by more than 25 per cent since the 1980/81 recession. The Government is running a budget surplus approaching £18bn. Artistic endeavour, moreover, is a field where the UK is reckoned to have a comparative advantage. In manufacturing industry, Britain can boast too few companies of world class. But the story is different in the arts. The Tate Gallery, the Victoria & Albert Museum, the Royal Shakespeare Company, the English National Opera: these and other institutions are, or were, acknowledged leaders in their fields. Why impoverish them?

The answer has nothing to do with economic necessity

The arts are a negligible drain on the Treasury. Total central government spending - including that on libraries and the heritage - is only £438m, less than a quarter of 1 per cent of total public expenditure. The motivation behind present policy is ideological. Ministers believe that artistic bodies should be less dependent on the state. They have looked, starry-eyed, across the Atlantic and seen that US arts organisations are predominantly funded by sales revenue and personal and corporate donations. Surely, the argument ran, the same could happen here. Hence policies such as "incentive funding" under which the Government provides £1 for each £2 raised from non-subsidised sources.

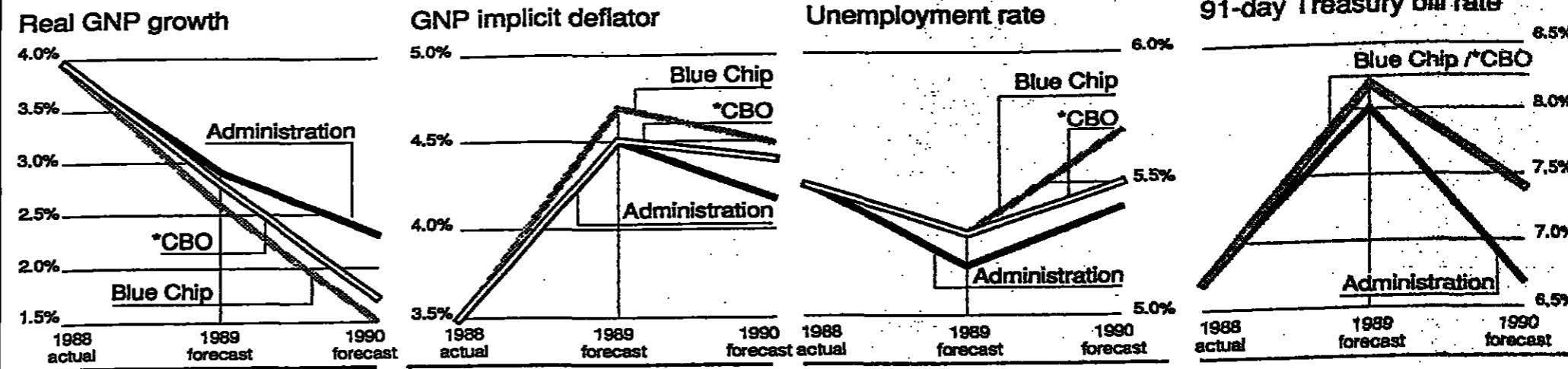
Commercial pressures

The decision to emulate the US was not rationally justified. There was no attempt to investigate the relationship between funding methods and quality of artistic endeavour. Nobody asked why the US lacks anything equivalent to the Royal Shakespeare Company or the National Theatre. Nobody asked what effect commercial pressures would have on innovation in the arts or on participation by different social groups. No effort was made to examine the merits of the very different policies pursued by close neighbours such as West Germany and France.

Arts organisations have done their best to make the new policies work. They are attracting more money from business and they are adopting a more customer-oriented approach. But sponsorship still provides only a fraction of total revenue. Like it or not, the vitality of the arts in Britain will remain dependent on the generosity of the state for the foreseeable future. The three-year programme of funding announced in November 1987 did not go harsh at the time. But it was not framed with current rates of inflation in mind. Nor did it allow sufficiently for crumbling infrastructure.

Surveys show that a large majority of people from all social classes support higher spending on the arts. The Government should respect these wishes and announce a realistic arts budget this autumn.

Three views of the US economy



Anthony Harris examines whether the long-predicted recession in the US has finally arrived

Tense hopes for a soft landing

rowing costs, seems to confirm this judgement. However, a British observer, with experience of an economy which at some periods has shown almost no response to interest rates in any normal range, must be more sceptical. A falling housing trend is almost certainly inevitable, whatever happens to the cost of borrowing; and falling sales of new houses have a large impact on the market for household durables.

The rise in interest payments to the business sector has been small and stable - 2.4 per cent of income, no higher now than in 1987. The growth of personal interest receipts - about 14 per cent of total personal incomes - has transferred perhaps a percentage point of incomes from borrowers to depositors, and this may explain part of the rise in saving; but monetary policy can do only a limited amount to revive the economy through this income transfer effect.

The main help from lower interest rates will have to be sought, as it usually is, in the car and other large-ticket durable markets. However, the car market is also sensitive to consumer confidence, which has fallen steeply this year, and is already largely insulated from interest rates through special financing offers (and the strength of sales in July is partly put down, ironically enough, to the fear that prices will have to rise steeply to pay for these and other concessions). The rest of the durables market is too small a base on which to raise the whole economy.

However, interest rates do have one powerful potential effect: if they are allowed to affect the exchange rate, they can stimulate the economy when they fall and check it when they rise. The rise in the dollar earlier this year has been largely reversed, which gives the best hope that the economy will indeed land softly. This might require much bolder action than we have seen from the Fed since the full-out monetary expansion of 1986, designed to bring the exchange rate down; it has squeezed only cautiously. The squeeze had to be cautious because of the risks in over-leveraging in property and now many manufacturing companies too. But the Fed can probably risk boldness in cutting rates since cost pressures, and especially wage pressures, have been much milder than in previous expansions.

Indeed this more flexible, moderate labour market, which means that 5 per cent unemployment is no longer an inflation storm warning, now appears President Reagan's most helpful economic legacy. The sluggish income growth which is inspiring fears of recession means that the Fed is free to combat it; but the exchange rate will be the index of whether it has been bold enough.

People feel helpless. What the strength of the stock market seems to predict, in fact puzzles many investors. Forecasts for the near future, as can be seen, are plentiful but varied; but there is little disagreement about the current facts. The long Reagan expansion has turned decidedly anaemic. Manufacturing output has fallen in the last two months; this is mainly because of an inventory problem in the motor industry, which accounts for about 12 per cent of the whole sector.

Sales are some 5.2 per cent down this year, and the industry expects them to fall another 5-10 per cent next year. The market is thought to be saturated. Other sectors are also weak. The current computer slump, which is causing lay-offs and sharply reduced profits, is also put down to saturation, and some confusion over the next steps in technology. Defence spending is subject to bureaucratic and congressional fits and starts but is expected to fall steeply in the long run.

In general, retail inventories are a little high, and total output is expected to fall further in the current quarter. The evidence of the survey of purchasing managers, the most widely quoted survey of current industrial experience, is dramatic and unusually consistent.

This survey, and manufacturing, could still turn round very suddenly, as they have on occasions in the past. However, some troubles in other parts of the economy are likely to prove long-term. Public spending is caught in a painful squeeze, both at Federal and state level, as the President remains opposed to any tax increases, and state Governors, who are broadly required to balance their budgets, try to limit the increases they are forced to impose.

Meanwhile, Federal fiscal policy is squeezing demand. The deficit has halved as a proportion of gross domestic product since its peak in the Reagan years, and is expected to go on falling even if the Gramm-Rudman law's target of \$100bn for this year is missed. Taxes are not being raised though loopholes are being closed.

The private economy has its own long-term problems. Housebuilding plans have been cut by 12 per cent

since the start of the year; and although sales have rallied very sharply in the last two months, they are still 6.4 per cent below the 1988 level.

While the decline has been made very sharp by high interest rates, it was expected in any case: the population in the main age group for household formation will nearly halve between the late 1970s and the mid-1990s before recovering.

Fewer factories are being built, though orders for capital equipment are still growing and may prove largely resistant to a mild recession.

Commercial development, though is running well ahead of demand in many parts of the country.

This has worrying financial implications: the long-awaited turnaround in the Texas economy is stalled again, and one of the very few surviving Texas banks of any size has applied for a second rescue by the Federal Deposit Insurance Corporation. Now banks in other parts of the country - especially in former boom areas in the north-east and California - may find themselves in trouble with their construction loans.

This sad list is a reminder that sectoral and regional recessions are nothing new in the US economy: they have punctuated the whole of the six-year expansion, but the buoyancy of the whole economy has turned most of them round. The mid-West - the ruined rust belt of a few years ago is still optimistic and active, despite the current troubles in Detroit, and reports from regional banks, which have the best feel for the general economy, remain strongly positive. Important sectors of the economy are still strong. Farming is recovering vigorously from weak prices and dreadful weather, the civil aircraft industry is more than fully stretched for the foreseeable future, and services have expanded.

However, service growth looked weak in June, and employment growth has slowed, except in transportation and medical services. In real terms, personal spending on services has been growing at an annual rate of about 4 per cent (the average of a very volatile series) even when buying of goods had slowed to less than 1 per cent annually, and now accounts

for 54 per cent of total personal spending and 51 per cent of GDP.

This growth is driven mainly by the necessities of a gently ageing population - favourable demographics; it probably also owes more to the statistics seem able to capture to the devaluation of the dollar. Americans travel at home more, and foreign tourists spend more. In all respects, spending on services ought to be fairly immune to the business cycle and to the level of consumer confidence; and it is also largely immune to interest rates. It is not, however, immune to a real squeeze on incomes.

The information we have at present is favourable.

Fred Chairman Alan Greenspan

Chairman Greenspan in his testimony did not promise no recession - only no big recession.

Allen Sinai, The Boston Company

It will not be easy to land smoothly - we may tear off a wing.

Fred Governor Martha Seeger

The Congressional Budget Office does not anticipate a recession. The stock market, which has almost always fallen before previous recessions, continues to rise.

Congressional Budget Office Director Robert Reichman

"If the services sector of the economy goes, so will the economy," Mr Allen Sinai of the Boston Company writes in his current survey.

The service economy is also key to understanding the strength of the economy in the recent past; for it must be remembered that if there is now a recession, it is very late arriving.

It has been confidently forecast by economists for at least two years. Most of the discussion, however, has focused on the more volatile goods-producing half of the economy; a significant fall in services would be seen only in the severe recession which Mr Greenspan says he is determined to avoid.

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Doctoring the Soviet economy

Quentin Peel interviews Valentin Pavlov, the new Finance Minister

THE NEW Soviet Finance Minister, Mr Valentin Pavlov, inherited what must qualify as the most unpopular portfolio in the Soviet Government.

Over the next five years, all things being equal, he must preside over a rigorous scouring of the Augenstabs of Soviet state finances. He must introduce sweeping tax reforms, including much-increased progressive rates of income tax, and equally drastic cuts in investment spending.

He has to lay the foundations for a capital market, and even a stock market, without offending the basic tenets of Marxist ideology; and he will play an important part in the introduction of potentially explosive price reforms, which must inevitably push up the retail prices of foodstuffs and other basic commodities.

Yet he seems to be taking the whole challenge with remarkable equanimity.

"If you don't think you are ill, you don't treat yourself," he said, in an interview with the Financial Times, his first to the international press. "It isn't you who are managing the process, but the process is manipulating you."

The two biggest ailments of government finances he identifies are the huge budget deficit, and the failure to obtain an adequate return on investment.

He denied that the Rbl100bn (\$183bn) budget deficit (20 per cent of total spending) was growing. However, he admitted that increased pensions would cost an annual Rbl25bn-Rbl27bn, and child allowances up to Rbl20bn, while cuts in defence spending were only likely to save some Rbl10bn a year.

Mr Pavlov revealed that the entire state investment programme in large projects is currently being reviewed from scratch, with a target of substantial cuts during the next five-year plan period, which runs from 1989 to 1995. The sort of capital schemes which may well get the axe are the gigantic petro-chemical complexes planned for Siberia to process natural gas.

The review is being carried out for the first time as a joint exercise with the state banks, which have been told to identify those projects they are prepared to finance on the basis of cost-effectiveness.

"We are creating new criteria," he said. "If you think as a bank that a project is cost-effective, then we propose you go through with it and finance it on credit. First we ascertain is it worth it? Second, we decide who will finance it."

The banks themselves are in the middle of an overhaul of the financial sector, with the creation of more financial



Valentin Pavlov: inherited unpopular portfolio

instruments, a genuine capital market, and realistic interest rates, all now on the agenda of the Soviet authorities.

The second major arm of a vigorous government investment policy is the introduction of "enterprise shares," Mr Pavlov said. They would be cross-shareholdings held by one enterprise in another, and eventually they could be traded on a stock exchange.

"We see this as an effective way of increasing the efficiency of investment," he said. "It is not a question of reducing state investment, but of using more effectively the means we have invested in the economy. No reasonable man

would issue shares, and then waste these resources."

The Soviet authorities are introducing workers' shares in their own factories, but these are currently only for resale to the enterprise, and simply earn an annual rate of interest equal to the gross rate of profits, like a bond.

Mr Pavlov said enterprise would give the two or more work collectives involved a common interest "in improving the work of the enterprise, and the effectiveness of their own work."

The problem of introducing a proper stock market for trading such shares was that all prices were still supposedly centrally controlled. There was also a chronic shortage of trained personnel.

"We are not yet ready for a stock market. It is not a simple thing, but it is on the agenda. The majority of our top managers

have a new master.

to introduce progressive income taxes, instead of the current universal 13 per cent deduction, and progressive enterprise taxes levied on profits, not turnover. He believes all enterprises, state-owned, leasehold or co-operative, should be taxed on the same basis. However, the problem of defining the concept of profit in the Soviet system suggests that the reform process will be long drawn-out.

Mr Pavlov admits, on the other hand, that tackling indirect taxation, which currently provides 20 per cent of budget revenue, will be the biggest problem of all. It will have to be linked to the repeatedly postponed reform of retail prices, now scheduled for 1991.

The whole debate remains exceedingly sensitive, in a society traditionally denied any reliable information on state finances. When it comes to the question of how much income tax receipts may rise, he insists that it is "a commercial secret."

Nor will he set any target for spending cuts: "I am a realist," he says. "You can never really achieve the desired figure. The figures come from what is realistic."

As for the cost of the miners' strike settlement, with a huge promised increase in the pit-head price of coal, he looks grim, but refuses to be drawn. "The miners cannot be considered separately from the whole system of material supply of other industries. The miners are hardly different from chemical production workers, uranium miners, or whatever. They are all linked."

His caution, and practicality, dictates his answer on the Soviet Union's ambitions to join international organisations, like the International Monetary Fund. "This is a serious organisation, not a charity. We will join only when we can become worthy partners."

He is a cautious pessimist when it comes to the prospects for convertibility of the ruble. Accompanying Mr Mikhail Gorbachev on his recent trip to France, he suggested it might be 2005 before it was feasible.

"We have to overcome imbalances in our economy and finances, a non-equivalent exchange rate, a lack of rapport between our prices and world prices, the cumbersome structure of our import and export, low incentives for the accumulation of capital . . . and so on. The list seems endless."

And then Mr Pavlov has to rush off, as fast as he rushed in. His destination is the session of the Supreme Soviet, just across Red Square in the Kremlin. It is suddenly clear that the Minister cannot afford to miss it. The Soviet Government has a new master.

Party ends for futures traders who face FBI charges

By Deborah Hargreaves in Chicago

FOR MANY of Chicago's futures traders the days of heavy profits are at an end, as 46 of them face charges after a two-year FBI probe uncovered widespread trading abuse in the chaotic futures markets.

They will come down to earth with a bump. One of those who was indicted on Wednesday was intent on saving his trading profits to buy one of the Orkney Isles off Scotland.

Mr Robert Ballin, erstwhile head of the Chicago Republican Party, will now have to argue that it is paying too much.

The multiple looks about 13 times Plessey's earnings this year, about the same as GEC's own. There are obvious cost savings, from Plessey's head office to overlaps in defence, let alone the scope for rejuvenating GPT under single ownership.

There is no reason to suppose that this is the last of Lord Weinstock's Indian summer, or of his zeal for joint ventures. A deal in the cables business may come next, or perhaps in North American electronics; and Marconi — much the biggest chunk of GEC still without a partner — may be drawn closer into partnership with Daimler-Benz and Matra. At some point, shareholders might become concerned at the business drifting out of their hands in this way. But meanwhile, it is quite possible that GEC's earnings growth will accelerate as the rest of the market's declines. It is odd to reflect that a year ago the now hyperactive Lord Weinstock was being abused for doing nothing.

The blood letting has not finished yet. This could be just the start of a round of charges that would tear at the very fabric of the world's largest futures markets. Over a dozen traders are co-operating with the Government's investigation, swapping evidence for lighter sentences.

The very nature of Chicago's futures markets, which exchange officials are fond of describing as one of the last bastions of the free market, makes trading abuse easy to cover up and hard to track down.

Every day in Chicago over 5,000 traders gather in halls no larger than soccer fields, where they shout themselves hoarse buying and selling commodities they will never see. While many traders make only a modest living, the profession is characterised by young egotists who live flamboyantly on their easy profits.

The way in which they pursued that lifestyle is now under microscopic scrutiny. Mr Arton Valukas, the US attorney for northern Illinois, who headed the investigation, paints a picture of futures trading pits allegedly run on traders' own rules, where large-scale brokers doled out patronage to their less profitable counterparts in return for their participation in schemes to defraud customers.

Mr Valukas alleges that there were conspiracies in the Chicago Board of Trade's soybean futures pit and the Chicago Mercantile Exchange's Ten futures pit to rig trades and steal profits from customers.

Traders have also been charged in the Treasury bond futures and Swiss franc futures pits.

Mr Valukas stresses that the charges are not levelled at technical trading violations but at illegal schemes involving hundreds of customers and thousands of trades.

The Government built its case by using undercover agents trained to operate as traders in four futures pits at the two exchanges. These agents befriended many young futures traders and recorded conversations with hidden tape recorders in the hubbub of the trading arenas.

By far the most serious charges are being brought by the Government against 19 powerful brokers under the Racketeer Influenced and Corrupt Organisations Act (Rico) — a broad statute used against the Mafia, among others.

These brokers are alleged to have masterminded large-scale attempts to cheat customers, often using local traders — those that trade for their own account — as "bagmen." The "bagmen" were allegedly offered kickbacks for hiding profits made by brokers on illicit trades and for charging prices on customer order cards to increase brokers' profits.

The illegal practices cited in the charges include many counts of withholding customer trades from the open market. They include pre-arranging trades away from the marketplace, front-running or trading ahead of a customer order that is large enough to move prices, and keeping trading outside normal market hours. They also face charges of large-scale tax evasion.

When announcing the charges, Mr Richard Thornburgh, the US Attorney General, took pains to stress that the managers of Chicago's exchanges were in no way implicated in the charges, the allegations are bound to bring calls for tougher regulations.

Midland said that the transactions had already taken place over the past couple of weeks. Barclays, NatWest and Lloyds have also completed their transactions.

The pound closed 1½ pence and 2 cents lower at DM3.065 and \$1.643 yesterday up, marginally, from the day's lows which were reached before the Bank intervened.

Lord Weinstock, it seems, has done it again. Yesterday morning the market confidently expected 270p as a sighting shot for Plessey. At lunchtime it learned the figure was 25p, and scrambled to sell. Plessey will now go through the motions of a defence document, a profits forecast and so forth. But its only hope lies in a rival offer, and with over 25 per cent of the stock in enemy hands — to say nothing of the other half of GPT — that seems past praying for.

With one of the bitterest contests in UK takeover history apparently almost over, the market's attention will now revert to GEC. It is hard to argue that it is paying too much. The multiple looks about 13 times Plessey's earnings this year, about the same as GEC's own. There are obvious cost savings, from Plessey's head office to overlaps in defence, let alone the scope for rejuvenating GPT under single ownership.

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The irony is that, although the FBI investigation has cast a pall over futures trading in Chicago, volume on both of the city's exchanges is still growing. The markets set world-class prices for commodities and they will not easily be muted. And in a city of risk-takers, there will be no shortage of recruits to replace any traders found guilty.

DALE

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THE LEX COLUMN

Weinstock's final stratagem

British Airways

British Airways has a capacity problem. It does not have nearly enough in the current quarter, which normally provides over half the group's profits, and it is going to have too much later in the year when economic growth in its two biggest markets, the UK and the US, will have slowed to a small pace. Some of the costs of this unfortunate set of events may be recouped from Boeing, where aircraft deliveries are running badly behind schedule. But the bigger problem is predicting how BA will perform during the first major economic slowdown in its short life as a public company.

The 18 per cent rise in first quarter pre-tax profits reflects a welcome improvement in both yields and load factor, but it would be most surprising if they could both be maintained in the face of the slower growth in the overall market. The other problem is costs. A 1 per cent rise reduces BA's profits by 14 per cent; and the debate about Lord King's salary apparently almost over, the market's attention will now revert to GEC. It is hard to argue that it is paying too much. The multiple looks about 13 times Plessey's earnings this year, about the same as GEC's own. There are obvious cost savings, from Plessey's head office to overlaps in defence, let alone the scope for rejuvenating GPT under single ownership.

There is no reason to suppose that this is the last of Lord Weinstock's Indian summer, or of his zeal for joint ventures. A deal in the cables business may come next, or perhaps in North American electronics; and Marconi — much the biggest chunk of GEC still without a partner — may be drawn closer into partnership with Daimler-Benz and Matra. At some point, shareholders might become concerned at the business drifting out of their hands in this way. But meanwhile, it is quite possible that GEC's earnings growth will accelerate as the rest of the market's declines. It is odd to reflect that a year ago the now hyperactive Lord Weinstock was being abused for doing nothing.

The one thing supporting the share price is the presence of Mr Robert Maxwell on the register with 15 per cent, and Schlitz with 6.5%. The share price suggests the market thinks he and Mr De Benedetti's Sofigroup, with a little under five per cent, are too clever not to have a plan B. This argument now looks dangerously threadbare. Any plan B would be unlikely to succeed. By voting to sell the Crossfield subsidiary to Dupont and Fuji for 72 times 1988's EBIT, the market has shown that it can be sold for a third higher. Lloyds, is that Midland remains very much a recovery stock.

The group has now gone further than most in providing against its Third world debt, but blaming it all on the Brady

Wellcome

Yesterday's announcement from Wellcome on its AIDS drug could prove some kind of turning point. It has been widely believed that Retrovir is proving too toxic in AIDS patients and that rival drugs such as DDI are near to official approval.

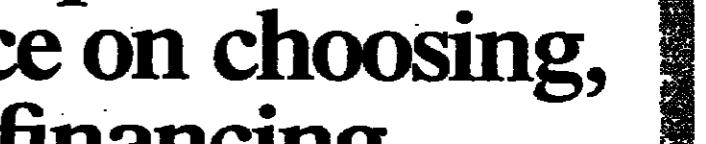
But the evidence now is that the drug is less toxic in earlier stages of the disease; and if its use is approved for the early stages of AIDS-related complex — as seems likely — the number of patients taking the drug could increase fivefold.

The next and much bigger step would be for the drug to be approved for asymptomatic carriers of the virus. The trials now standing in the US and Europe will take at least three years, and may bring fresh evidence of resistance to the drug.

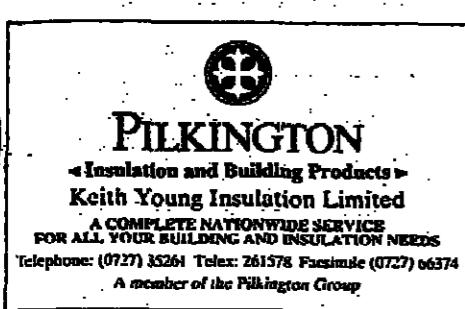
But meanwhile Retrovir, for all its deficiencies, is proving remarkably durable. Wellcome's shares have underperformed the London market by a third in the past year; this should at least stop the slide.

Midland Bank

Share price relative to the Lloyds Bank share price



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FINANCIAL TIMES COMPANIES & MARKETS

Friday August 4 1989



INSIDE

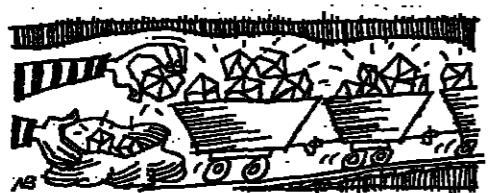
Bird in the hand is worth 50 on the lawn



Happy 60th birthday – have a lawn full of plastic flamingos. This was the gesture Alf Powis, chairman of Noranda, made to old colleague and friend Bill James, chairman of Falconbridge. Since then, however, Falconbridge has been fighting hard to stay out of the clutches of its fellow North American mining group. That was until Wednesday of this week when James accepted a C\$2.8bn (US\$2.5bn) bid from US-based Amax. David Owen reports. Page 16

Expensive echo from the past
The highest-paid director of Smith New Court, the UK securities firm, last year received nearly three times as much as the year before, even though the firm slid heavily into loss during the period. But the payment of £541,000 (\$890,000) is a throw-back to the heady days when securities firms were recruiting rather than laying off staff. A substantial part of the money represents a deferred joining fee, or "golden helio." Page 20

A thief's best friend



Nowhere in the world is the boom in demand for gem diamonds having more impact than on Namibia's diamond coast. For example, CDM, the De Beers subsidiary which operates the vast mine at Oranjestad, has decided to bring into operation two new projects. On the darker side, however, there has been a noticeable increase in diamond thefts from the mine. Last year, CDM recovered stolen diamonds worth R9.2m (US\$6m) and its security people believe this was only a very small percentage of the value of stones smuggled out of the mine, writes Kenneth Gooding. Page 25

Will tobacco setback take Zimbabwe's breath away?
Zimbabwe's stock market is riding high. It took off in the second half of 1987, shrugged off the October crash, and has barely paused for breath since. What a surprise then that last month's public offering in Tabex, a leading tobacco company, was only partially subscribed. Tony Hawking examines the main reasons for the market's recent strength and identifies signs that the best of the bull run may soon be over. Page 38

Bubbly profits mix at Alcoa
The buoyant nature of the world's chemicals industry boosted Alcoa of The Netherlands' profit in the second quarter of this year. And Mr Syb Bergman, board member in charge of finance, yesterday reported his forecast that this year's earnings would significantly exceed those of 1988. Alcoa will suffer relatively little if bulk chemicals weaken, he predicted. Page 18

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Chief price changes yesterday			
FRANKFURT (DM)		PARIS (FFP)	
Fliesen	313 + 8	Metallurg	1852 + 58
Gas	2374 + 61	Prudential	3654 + 964
Deutsche	489 + 5	Synthetic	477 + 112
Dresden	3603 - 115	Falls	404 - 202
Kather	1000 - 10	Gasco	501 - 35
Wuppertal	4442 - 115	Gasco	600 - 221
NEW YORK (US)		TOKYO (Yen)	
Fliesen	383 + 2	Myers Valve	1350 + 206
De Post	1143 + 34	Noritsu Chuo	1120 + 120
IBM	1137 + 14	Ove Kjero	1550 + 100
Foto Morris	1144 + 14		
Foto Morris	25 - 32	Foto Construct	1000 - 60
Amex	1078 + 14	Imperial	3490 - 200
AT&T	40 - 16	Sony Choms	1920 - 110
New York prices at 12.30.			

LONDON (Pence)			
Fliesen	1064 + 15	Falls	485 - 10
Bass	844 + 55	Body Shop	485 - 10
Capitol Radio	622 + 55	Brn Airways	1952 + 58
Carlsberg	555 + 10	Cadbury Sch	434 - 8
Gas	355 + 10	Cave (I)	133 - 9
Douglas (P&G)	470 + 20	De La Rue	519 - 11
Foto Morris	245 + 17	Flux	45 - 7
Gen Accident	1078 + 14	Albert Bank	343 - 9
Guinness	572 + 18	Flux	267 - 9
Kent Soap	547 + 12	Foto Morris	267 - 11
Post	351 + 12	Foto Morris	267 - 11
Reiters B	905 + 30	Foto Telecos	345 - 11
Southern Prop	248 + 11	Foto Telecos	345 - 11
Whitbread A	380 + 6	TG Group	484 - 10

Wärtsilä in talks to save marine division

By Enrique Tessieri in Helsinki

WÄRTSILÄ, the Finnish engineering and shipbuilding group, has started negotiations with the Government in an attempt to save its marine division, one of the largest shipbuilders in Europe, from bankruptcy.

Wärtsilä Marine, Finland's leading shipbuilding company, builds two thirds of the world's ice-breakers and is a global leader in the luxury cruise liner sector, with a workforce of 5,600. It was formed from the merger in 1987 of Wärtsilä's existing shipbuilding operations with those of state-owned Valmet.

However, the division had a

loss after financial items in 1988 of FM638m on turnover of FM2.71bn (\$6.48m), and yesterday Wärtsilä wrote to shareholders warning that the prediction in the 1988 annual report of decreasing losses in the division this year had been proved wrong.

The company's worsening performance this year was blamed by officials on EC subsidies to other countries' shipyards, the lack of any new ship orders from the USSR for the past three years, labour shortages, higher inflation and a 4 per cent revalu-

ation of the Finnish markka in 1989.

Wärtsilä Marine said: "Basically, what we are telling our shareholders is that our losses will continue to grow if nothing is done to help us."

Mr Bror Wahlroos, a Ministry of Trade and Industry official representing the Government in the negotiations, said: "We are faced with an acute financial situation. I have a damn fire to extinguish – I have to find ways to meet existing orders already in the shipyards and how to pay employees their salaries."

The fate of the division is now unclear.

While Wärtsilä Marine talks

about a "tentative" agreement with the Government to bail out the company with state subsidies, Mr Wahlroos rejects any such arrangement.

"We're not talking about whether to subsidise or not," he said. "We are trying to figure out from where to get cash flowing into the company. This could be from the Government, parent company or from others such as banks."

Mr Wahlroos added that the present negotiations with Wärtsilä Marine, which began last week, would end "in a week to 10 days."

In the past Finland has prided itself for not having to subsidise its shipyards.

Mr Ilkka Suominen, Trade and

Finance Minister, made clear last December that the state would not step in to subsidise the troubled Finnish shipbuilding industry. However, in January the Government said it would provide loans and tax relief for 15 per cent of the total value of vessel orders.

Takeover Panel raps Warburg over advice to Low

By Nikki Tait in London

S.G. WARBURG, a leading UK investment bank, was yesterday rapped by the Takeover Panel, Britain's watchdog on bids and deals, for failing to exercise due care when advising its client, William Low, in an abortive bid for Budgens, a fellow food retailer.

The Panel said Warburg was guilty of a breach of general principle three of the Takeover Code. This lays down that a bidder should only announce an offer after "the most careful and responsible consideration."

In a judgment released yesterday, the authorities stressed that they viewed compliance with this principle as being "of great importance." The announcement of an offer "inevitably has a profound effect upon the market," with the share price of the target company affected.

The Panel added that people might deal on expectations which were not fulfilled if an offer was announced and then subsequently withdrawn – the circumstances in this case.

The statement is the second recent criticism of standards within a UK merchant bank, coming just weeks after a Department of Trade and Industry report into the circumstances surrounding County NatWest's handling of Blue Arrow's 1987 takeover bid for Manpower.

There are, however, no further sanctions being imposed by the Panel against Warburg. It takes the view that publication of the judgment is sufficient penalty.

The case concerned a £136m (\$223m) bid launched by Dundee-based William Low for Budgens, another medium-sized food retailer, on April 20. A few weeks later Low announced it would not be able to recommend the deal to its own shareholders and the offer was withdrawn. During this period, as the offer document was prepared, further financial information became available.

The central issue considered by the Panel – both at executive and full Panel level, and in the wake of an appeal by Low/Warburg at the appeal committee – was whether Low/Warburg should have sought more information before making its offer.

Yesterday Warburg said only that the bank was "satisfied that it had acted in the interests of our client and in a proper professional manner." It added that, while not necessarily agreeing with the Panel's conclusions, it supported the Panel's right to investigate the matter and take a view.

Details, Page 22

David Lascelles on results from the UK's big banks

By David Lascelles in London

"WE WANT to make this the beginning of the end," said Sir Kit McMahon, Midland Bank's chairman, yesterday, explaining his decision to make a heavy £446m charge against possible Third World loan losses.

His move capped an expensive week in British banking. Altogether the Big Four clearing banks set aside nearly £2bn in their interim results, in the process raising the cover on their Third World exposure from 35 per cent to close on 50 per cent, but all of their chairman echoed Sir Kit's view about the worst being passed. "We hope this is the last substantial provision we have to make," said Sir John Quinton of Barclays.

Several things seem to have prompted the clearers to take this drastic action for the second time in just over two years.

Sir Kit attributed it to the damaging effect of the plans put forward last spring by Mr Nicholas Brady, the US Treasury Secretary, which amount to forgiving over a third of selected countries' debts.

Other bankers said there was also a growing feeling that UK banks were under-provided compared to many other European banks (though not to US banks). Although the Bank of England seemed to believe in it, that the clearers would not need to make sharp increases at the interim stage, it's evident that the banking system has proved buoyant last year.

Since then, interest rates have soared as the Government has sought to rein in inflation. This has had less impact than might have been expected on the corporate market. The banks managed to boost their lending to small and medium-sized businesses by quite substantial amounts. At Midland, this was responsible for an unusually large 27 per cent increase in domestically generated banking profits.

But high rates clearly choked off much of the growth in the personal loan market. On top of that, the structural changes now taking place in the banking high street are making a deep mark on the clearers.

INTERNATIONAL COMPANIES AND FINANCE

Foreign subsidiaries boost Deutsche Bank's result

By Haig Simonian in Frankfurt

DEUTSCHE BANK, West Germany's biggest bank, yesterday announced partial group operating profits of DM1.57bn (\$1bn) in the first six months of the year.

The result was boosted partly by the first-time consolidation of two foreign subsidiaries, Banco Comercial Transatlantico and Aventura de Barry, the Spanish and Dutch banks in which Deutsche Bank gained full control in April and December respectively.

A direct comparison with Deutsche Bank's interim earnings in the equivalent period last year is not possible, as this is the first time the bank has published a figure for interim partial operating profits at group level, rather than just a percentage rate of change.

However, the bank said its partial operating earnings had risen by 20.5 per cent against one half of last year's results.

Full operating profits, which include gains from trading on the bank's own account, are still not revealed. But the bank, headed by Mr Alfred Herrhausen, chief executive, said they had risen by 20 per cent at group level compared with one half of 1988.

Closer comparison of the results is easier at parent bank level. Where partial operating profits soared by 43 per cent to DM1.26bn against the first six months of last year,

Parent bank interest income rose by 10.5 per cent to DM2.57bn, while fee income rose by almost 16 per cent to DM1.04bn. The bank also

revealed first-time group figures for interest and fee income, which stood at DM3.72bn and DM1.37bn respectively. Group total assets amounted to DM334.1bn.

The results, which round off this year's interim reports from Germany's big three banks, reflect the continued buoyancy in the domestic economy, which has seen strong credit demand more than compensate for continuing pressure on banks' lending margins. Credit demand rose by DM8.7bn to DM131.8bn at parent bank level.

Deutsche Bank said the reduction in interest margins had now been stabilised following a further decline early in the year. Meanwhile, fee income had risen sharply due



Mr Alfred Herrhausen

to the strong upturn in the German equity market.

But it is on the cost side that the bank has made its biggest improvement. Salaries and wages at the parent bank rose by just DM16m in the first six months of this year to DM1.22bn.

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Buoyant chemicals side bolsters Akzo

By Laura Raus in Amsterdam

AKZO, the Dutch chemicals and fibres group, boosted its profits in the second quarter of 1989 with an across-the-board improvement fuelled by the buoyant chemicals industry.

Net income climbed 12 per cent to Fl 270.6m (\$130m) from Fl 232.4m a year earlier while per-share earnings rose 10 per cent to Fl 6.63 from Fl 6.02.

Mr Syb Bergsma, board member in charge of finances, described the quarterly results yesterday as "excellent" and repeated that full-year earnings were expected to "significantly exceed" those of 1988.

He forecast that Akzo would suffer relatively little if bulk

chemicals weakened, as the Dutch company was less reliant on that sector than some competitors.

Commenting on the long-term forecast of a decline in the chemicals industry, Mr Bergsma said: "We see no sign of a downturn, at least in the short term."

"If it occurs we are reckoning on a slowdown in growth rather than a downturn."

All product sectors reported higher operating income except for fibres and polymers, where margins were under pressure. Chemical products surged 24 per cent due to expenditures on property, plant, equipment and acquisition.

Operating income in chemicals products rose 11 per cent to Fl 175m in spite of weaker time for maintenance and weaker sales of vinyl chloride monomer in the Far East.

Specialty chemicals continued to grow satisfactorily and Mr Bergsma noted Akzo's recent purchase of an exclusive licence for a process developed by the US Library of Congress for the conservation of books.

Revenue rose 18 per cent to Fl 4.75bn in the quarter from Fl 4.1bn in the year-earlier period. Financing charges soared 24 per cent due to expenditures on property, plant, equipment and acquisition.

In the first half, net income increased 14 per cent to Fl 488m from Fl 436.3m while per-share profits advanced 12.5 per cent to Fl 12.20 from Fl 10.84. The operating margin improved to 9.4 per cent in the first six months from 9.2 per cent a year earlier.

Turnover grew 14 per cent to Fl 9.29bn from Fl 8.16bn in the half-year. Of that, higher selling prices accounted for 5 per cent, acquisitions for 4 per cent, currency translations for 3 per cent and sales volume for 2 per cent.

not be suitable technologically and could run up against monopoly constraints.

Nevertheless, Linotype was continually looking at acquisition prospects, although there was "nothing in the pipeline." New orders for the group rose by almost 12 per cent to DM364m in the first six months of this year. The share of foreign business continued to rise, whereby Noranda would

not be suitable technologically and could run up against monopoly constraints.

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New orders for the group rose by almost 12 per cent to DM364m in the first six months of this year. The share of foreign business continued to rise, whereby Noranda would

Linotype's first-half profits climb 27% to DM31m

By Haig Simonian

NET PROFITS at Linotype, the West German printing electronics group, rose 27 per cent to DM31m (\$16.5m) in the first half of this year, confirming the company's strong growth trend since being floated in October 1987.

Group sales increased by 22 per cent to DM39.1m, twice the rate of growth posted in the same period last year.

Prospects for the year as a

whole remained "positive," the company said, although it was possible that present high growth rates would not be fully maintained for the rest of the year. Group net profits exceeded DM50m in 1988.

Mr Wolfgang Kummer, chief executive, said it had considered bidding for Crosfield, the UK printing technology company which is now subject to a takeover bid from Du Pont and

Fuji Photo Film. However, although Crosfield would have fit in with Linotype's activities, the current sale price was "very high."

Mr Kummer confirmed Linotype's continuing interest in possible acquisitions to further its expansion, but said it was not interested in Monotype, the UK printing technology company now thought to be for sale. Buying Monotype would

not be suitable technologically and could run up against monopoly constraints.

Nevertheless, Linotype was continually looking at acquisition prospects, although there was "nothing in the pipeline."

New orders for the group rose by almost 12 per cent to DM364m in the first six months of this year. The share of foreign business continued to rise, whereby Noranda would

Amax raises Falconbridge stakes

David Owen on a new combatant eyeing the Canadian mining group

Mr Bill James must have had a spring in his step on Wednesday morning when he walked into the office of Mr Alf Powis, chairman of Noranda, the Canadian natural resources group.

The two men are former colleagues and old friends – to the extent that Mr Powis recently regaled Mr James – chairman of Falconbridge, the diversified Canadian mining group – with a lawn-full of plastic flamingos on his 50th birthday.

None the less, the craggy Mr James has been fighting tooth and nail to elude the clutches of the Bronfman-controlled Noranda since last summer, when Mr Powis ordered his brokers to start accumulating

shares to assemble a controlling block on the open market. Clearly not all shareholders would benefit to the same degree from such an approach; hence Mr James' unshifting opposition.

Now Mr Powis must decide whether to cash his chips, at a substantial profit of about C\$220m, or to come out fighting. Should he plump for the latter course, the dilutive provisions enshrined in the rights plan mean he must bid for the whole company.

"This is not a poison-pill, it is a vitamin pill," claims Mr James with characteristic aplomb. "Any company can bid that will bid for all the stock. What we don't want to see is a creeping takeover."

In favour of a Noranda offer is the comparatively low price it paid for its existing Falconbridge stake. This means the company can outbid Amax for the shares not already in its own hands, without necessarily outspending it in overall terms.

Against it is the view of several analysts that Amax's offer is "generous." Mr Rick Cohen, a Toronto analyst with BBN James Capel, says: "The best valuation we had on Falconbridge was C\$30 a share." On the other hand, some London analysts believe the bid may be on the cheap side.

As it closed on Wednesday night, the Toronto market did indeed appear to be anticipating a counter-bid. Falconbridge shares finished up C\$6.5% at C\$36.5%, a premium of 50 cents to Amax's offer. In New York, however, Amax closed unchanged at US\$25.5%, recovering from losses sustained earlier in the day.

Mr Powis is holding his cards very close to his chest. "We either laugh all the way to the bank or we compete. I couldn't tell you which of these we will decide to do."

The group's legal counsel,

meanwhile, is examining the details of the Falconbridge "vitamin pill." "We might challenge the rights plan," Mr Powis says. "I don't rule out anything at this stage."

Whoever emerges victorious, the eventual takeover of Falconbridge will continue a global trend towards consolidation in the mining sector. Companies flush with the proceeds of two years of generally buoyant commodity prices are looking for targets and jockeying for position.

All three companies in the current imbroglio are performing impressively again after years in the doldrums in the early-to-mid-1980s. Amax, for example, made net profits of US\$245.1m in the first half of 1989 on sales of \$2.05bn. In the same period, Falconbridge's net income doubled to C\$35m on revenues of C\$1.5bn.

The arrival of Amax to frustrate Noranda's typically parsimonious original takeover strategy was none the less surprising to many. Earlier in the decade, after all, the Connecticut-based company had extricated itself from nickel and zinc – another Falconbridge staple – as part of a much-needed restructuring programme.

The strategic fit between Amax's remaining core businesses – aluminium, coal and molybdenum – and Falconbridge's strongholds of nickel, copper and zinc is far from obvious.

Aluminium, which Amax is the third-largest integrated producer in the US, accounted for 68 per cent of its first-half sales, with coal contributing a further 14 per cent. For Falconbridge in 1988, nickel and ferro-nickel were the dominant revenue sources, at 49 per cent of the deal.

Mr Powis is also a former colleague of Mr James, having been chief executive of Canada's Placer Development when the Falconbridge chairman was on the board.

Should the Amax bid prevail, it would have to run the gauntlet of the Canadian regulatory authorities. Although Prime Minister Brian Mulroney's Conservative administration has adopted a more relaxed attitude to foreign ownership than its Liberal predecessor, many Canadians remain sensitive to the high level of foreign holdings of domestic business assets.

This week's speculation that Canadian Pacific, once the backbone of the entire domestic economy, has been targeted by a foreign suitor will have done nothing to assuage these sensibilities.

AMAX AND FALCONBRIDGE COMPARED (Divisional profits (loss) in the first half of 1989)			
	Amax	USSm	Falconbridge
Aluminium	280	Integrated nickel	162.5
Gold	22	Kidd Creek (copper-zinc)	168.6
Molybdenum	16	Total	328.2
Other metals	9	Corporate	(72.3)
Coal	41	Income and mining taxes	(81.0)
Oil and gas	8	Falconbridge Dominicans (nickel)	87.3
Corporate	(27)	Falconbridge Gold	9.16
Equity affiliates	(1)	Indusmin (industrial minerals)	3.05

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INTERNATIONAL COMPANIES AND FINANCE

TV retailer to appeal GTE verdict

By Anatole Kalitsky in New York

HOME Shopping Network, the world's leading "shop-by-television" retailer, said yesterday it would appeal against a Florida jury's decision that it must pay \$100m in libel damages to GTE Corporation, the big Connecticut-based telecommunications company.

The jury's unexpected award, which was announced in Tampa on Wednesday, represented another stunning reversal for the accident-prone HSN, a company whose total market capitalisation is now only \$370m. At the beginning of 1987, HSN was worth over \$3.5bn, and was widely touted by Wall Street analysts as one of the greatest growth stocks of the decade.

Ironically, the libel verdict arose from a case which was

originally brought not by GTE but by HSN itself. Shortly after its stock price began declining abruptly in early 1987, HSN filed a lawsuit against GTE, which was its main telephone equipment supplier. The HSN suit blamed GTE for a sharp decline in HSN revenues. HSN said it had lost \$500m in profits as a result of failures in its GTE telephone equipment, which had resulted in up to 25,000 potential shoppers an hour being turned away by engaged signals.

HSN's main marketing technique is to advertise its merchandise on cable television programmes and encourage viewers to place their orders immediately by telephone.

In addition to damages of \$300m for alleged loss of prof-

its, HSN asked for punitive damages of \$1bn, and some stock market speculators had hoped that a large award in its favour would help to revive its flagging commercial fortunes.

However, HSN went beyond a mere lawsuit, issuing a press release on April 1987, which made further detailed accusations against GTE, its services and equipment. These public criticisms gave GTE the basis for a countersuit, claiming damages for defamation. GTE said that HSN's profits had plunged because of mismanagement, poor service and consumer dissatisfaction with the quality of its merchandise.

The Florida jury essentially supported GTE's position, awarding \$20m in damages against HSN itself and \$40m against HSN for alleged loss of profit.

Finance side keeps Brascan profits rising

By Robert Gibbons in Montreal

BRASCAN, the main holding company of Mr Peter and Edward Bronfman, of Toronto, says strength in financial services and some consumer products units offset declines in the resource sector in the second quarter and first half.

First-half net profit was C\$145.1m (US\$123.4m) or C\$1.51 a share, up 16 per cent from C\$135.3m or C\$1.50 a year earlier, on revenues of C\$4.7bn, against \$4.2bn.

Second-quarter profits were C\$75m or 77 cents a share, up from C\$68m or 71 cents, on revenues of C\$2.4bn, against C\$2.2bn.

Brascan said earnings for all 1989 should set a new record. • Dofasco, Canada's largest steel maker, had an excellent first half, but forecasts that demand will soften in the second half.

First-half earnings were C\$86.5m or C\$2.05 a share, up 11 per cent from C\$77.7m or C\$1.39 a year earlier, on revenues of C\$2.1bn, up 64 per cent. The latest period includes results from Algoma Steel, acquired a year ago from Canadian Pacific.

Second-quarter earnings were C\$80.2m or C\$1.24 a share, up 83 per cent from C\$43.8m or 75 cents a year earlier, on revenues of C\$1.8bn, up 65 per cent.

Air Canada ahead at mid-term

By David Owen in Toronto

AIR CANADA, the recently privatised Canadian airline, has reported a sharp downturn in second-quarter profits due to a reduction in asset disposal gains and lower investment earnings.

At the six-month level, however, net income soared by fully 62 per cent. Overall, the airline expressed itself "pleased" with its performance.

In all, second-quarter net income tumbled by 29 per cent to C\$33m (US\$28m) or 43 cents a share, from C\$45m or C\$1.07 a year earlier. Per share figures reflect a substantial expansion in the company's

equity base in the intervening period. Revenue rose by 9 per cent to C\$831m from C\$851m. In the six months ended June 30, earnings reached C\$21m or 26 cents a share on revenues of C\$1.76bn. This compared with C\$13m or 21 cents on revenues of C\$1.65bn a year ago. Operating profit over the same period almost doubled to C\$34m.

The reduction in investment income was attributed to a change in accounting methods. The change relates to the handling of Ireland's GPA Group, the aircraft leasing company in which Air Canada holds a sizeable minority stake.

The Government last month sold its remaining 57 per cent stake in the company for C\$121m a share or about C\$490m, taking the airline fully into private hands.

• First-quarter earnings at CAI Industries, the Canadian manufacturer of flight simulators and other electronic equipment, surged more than 80 per cent.

Net income rose to C\$9.9m or 13 cents a share from C\$6.45m or 7 cents in the corresponding 1988 period. Revenues, buoyed by the acquisition of four US companies, more than tripled to C\$28.3m, from C\$8.1m in 1988.

Texaco and Exxon to fight tax

By James Buchan in New York

TEXACO AND Exxon, the giant oil companies, are to go to court to fight demands from federal tax authorities for some \$2bn in back taxes and interest. The claims mostly cover profits they allegedly made from trading cheap Saudi Arabian crude oil at the beginning of the 1980s.

Two other oil companies involved with Saudi Arabia, Mobil and Chevron, said they were still under audit by the Internal Revenue Service but believed the IRS case over the Saudi oil to be without merit.

The four companies used to be partners in the Arabian American Oil Company, the venture that produces and sells the bulk of Saudi oil. The IRS case primarily concerns the so-called "Aramco Advantage" from 1979 to 1981, when Saudi Arabia sold its oil below prevailing prices in an effort to stabilise a turbulent market.

During this period, the four Aramco companies bought Saudi crude oil at discounts of up to \$6 a barrel and sold it to their refining affiliates in Europe, which then booked Texaco said that the tax authorities were demanding \$263m in back taxes on the Saudi transactions in 1979, 1980 and 1981 and \$255m in interest. Exxon said it had received a claim for \$265m covering 1979 alone and had already filed a challenge in the tax court. Texaco said it would file suit within 90 days.

Texaco and Exxon have weakend since June but the directors believe second-half earnings will match those of the first. Turnover increased to R777m from R499m and the interim pre-tax profit was R303.8m against R408.3m from R870m.

Pre-tax profits were R71.4m against just R1.3m, and net earnings were 76.4 cents per capital unit against a deficit of 4.2 cents. Dividends have been resumed with a payment of 30 cents.

The combined interests of these two brothers include tea, shipping, steel, hotels and property.

The Apeejay group – one of India's largest privately owned companies – publishes no financial statements, but Mr Swraj Paul says the three-way division involved net assets of Rs3bn (\$163.8m).

Paul family divides up India's Apeejay

By David Housego in New Delhi

APREEJAY, an Indian group with interests in steel, pharmaceuticals, shipping and tea, has joined the ranks of companies controlled by Indian families who have decided to divide up both assets and management control.

But unlike other recent family splits in India, members of the Paul family which control Apeejay insist that this one is amicable. It results from the absence of a male heir to Mr Sty Paul, the eldest son, and from the recent split to the family caused by the death in a car accident of one of the two sons of Mr Suresh Paul, the youngest brother.

Mr Swraj Paul, the brother residing in the UK, who owns the British based Caparo group, the steel and engineering concern, said yesterday that the split had been "carefully carried out to see that the next generation does not end up fighting with each other."

In India the four brothers have a reputation for having worked well together in expanding the business. Mr Swraj Paul, an entrepreneur, was not involved in the division although he remains in close contact with the family's Indian business.

Under a three-way division Mr Sty Paul is taking over most of the Bombay interests of the company including Martin & Harris and Walter Bushnell, two pharmaceutical companies, as well as Suresh Industries, a steel and tubes manufacturer.

Though the remaining two thirds of the group has been divided equally between Mr Jit Paul and Mr Suresh Paul, management control is to remain with the latter brother and managing director of all companies owned by Mr Jit Paul.

The combined interests of these two brothers include tea, shipping, steel, hotels and property.

The Apeejay group – one of India's largest privately owned companies – publishes no financial statements, but Mr Swraj Paul says the three-way division involved net assets of Rs3bn (\$163.8m).

Tokyo tightens rules on anti-takeover tactics

By Stefan Wagstyl in Tokyo

THE JAPANESE Ministry of Finance is tightening rules on share issues to block any repeat of a controversial anti-takeover tactic attempted last month by two supermarket chains.

The move could make it slightly easier to mount hostile bids in Japan, but the barriers remain formidable.

The ministry will from next Tuesday bar companies from issuing shares for allotment to third parties at a price more than 10 per cent below the market value. The market value will be based on the average price for the previous six months.

This will replace an informal agreement among Japan's largest securities houses which stipulated that the issue price should be "similar" to the market value without defining that term.

Chujitsuya and Imageya, two supermarket chains trying to fend off Shuwa, a property group which has bought large stakes in each, last month announced plans to sell blocks of shares to each other in a way which could dilute Shuwa's holding. The plan was put forward by Nomura Wasserstein Perella, a corporate finance affiliate of Nomura Securities.

Shuwa, in addition to its state-building among Japanese supermarket chains, yesterday declared a 15 per cent holding in Matsuzakaya, a leading department store group. Our Financial Staff writes.

"I have a personal attachment to Matsuzakaya with which my father had a long business relationship," he was quoted as saying. The Nagoya-based Matsuzakaya was previously under the control of the Ito family, whose shareholding is now minimal. It ranks fifth in its sector by sales.

However, on July 25 a Tokyo district court blocked the scheme on the grounds that the price of the new shares was too low. Chujitsuya intended to sell its stock at one third of the market value and Imageya at a quarter.

Securities companies will be obliged to refuse to underwrite issues for any company which violates the new regulations.

Trans-Natal back in the black and resumes payout

By Jim Jones in Johannesburg

TRAINS-NATAL, South Africa's second largest coal company, returned to after-tax profits in

in sales tonnages.

At home, sales were reduced as Eskom, the state electricity utility, closed older power stations, while exports were affected by Japanese restrictions on imports of South African coal. Total sales dropped to 30.2m tonnes from 33.8m tonnes but higher prices and favourable exchange rate movements allowed turnover to increase to R1.07bn (R408.3m) from R870m.

Pre-tax profits were R71.4m against just R1.3m, and net earnings were 76.4 cents per capital unit against a deficit of 4.2 cents. Dividends have been resumed with a payment of 30 cents.

Mr Brian Gilbertson, the chairman, said exports to Japan remain affected by an official freeze on the value of South African imports. As a result, sales volumes to the country were cut by about 10 per cent from some 2m tonnes the previous year. Developments at home and abroad.

Prices of vanadium and ferro-silicon have weakened since June but the directors believe second-half earnings will match those of the first. Turnover increased to R777m from R499m and the interim pre-tax profit was R303.8m against R408.3m from R870m.

Net earnings rose to 23.72 cents a share from 61 cents and the interim dividend is 50 cents (of which 20 cents is a special payment) against 14 cents. Last year's full earnings were 170.6 cents and the dividend totalled 57 cents.

Sabic, which has formed joint ventures with foreign companies to build its steel, petrochemical, plastics and fertiliser plants, is paying a 10 per cent dividend on the SR100 par value shares. Also, because shareholders had paid only half the capital, Sabic is putting up an amount equal to 25 per cent of the stock value. Cost of the distribution totals some SR500m.

Sabic is 70 per cent government owned, with the remainder held by Saudi and Gulf Cooperation Council citizens.

Revenues soared 66.5 per cent to SR3.2bn. Total assets rose 14.2 per cent to SR26.9bn.

Saudi Basic Industries surges 216%

By Finn Barre in Riyadh

SAUDI BASIC Industries Corporation (Sabic), the kingdom's petrochemical giant, showed a 216.5 per cent increase in net income for last year to reach SR3.68bn (SR81.3m).

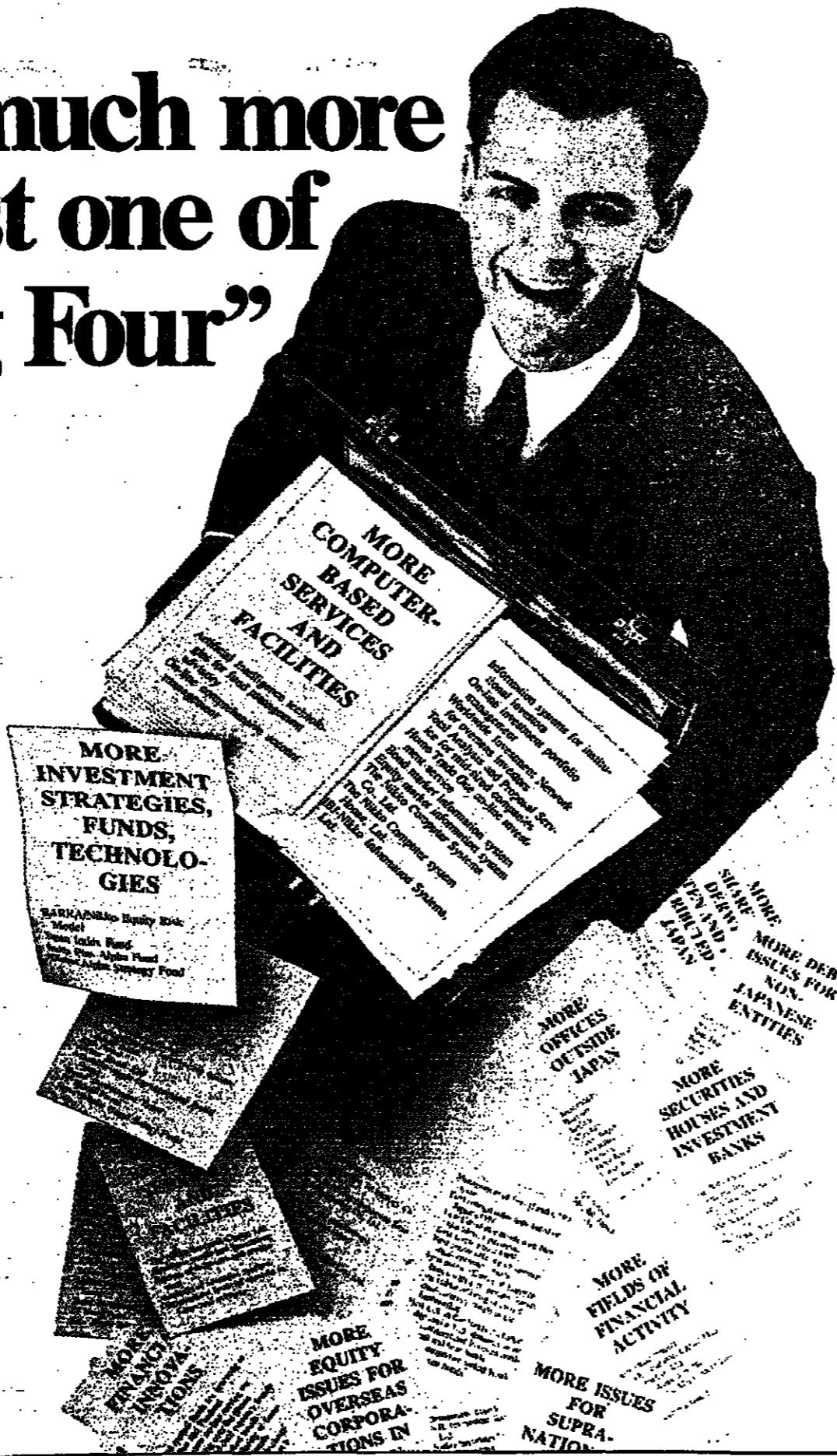
It also announced the completion of the last of 15 bid petrochemical projects and is giving shareholders a 35 per cent return on the face value of their equity for the year.

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Much, much more than just one of the "Big Four"



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*Source: Nikkei Money

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3rd August, 1989



Iwatani International Corporation

U.S.\$300,000,000
3½ per cent. Guaranteed Bonds 1993

unconditionally and irrevocably guaranteed by

The Sanwa Bank, Limited

with

Warrants

to subscribe for shares of common stock of Iwatani International Corporation

ISSUE PRICE 100 PER CENT.

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World Wildlife Fund U.S.

has purchased

U.S. \$2,111,111.12
Republic of Madagascar Debt

for a

Debt For Nature Exchange

debt provided by

Amsterdam-Rotterdam Bank, N.V.
Bankers Trust Company
Banque de l'Union Européenne
Credit Commercial de France
Dresdner Bank AG
National Westminster Bank PLC
Societe Generale

The undersigned acted as financial advisor
and arranged the sourcing of the debt.

Bankers Trust Company

BankAmerica
Corporation

(Incorporated in the State of Delaware)

U.S.\$400,000,000

Floating Rate Subordinated Capital Notes Due 1997

Holders of Notes of the above issue are hereby notified that for the next interest sub-period from 7th August, 1989 to 7th September, 1989 the following will apply:

1. Interest Payment Date: 7th September, 1989.

2. Period of time for sub-period: 8 1/2% per annum.

3. Interest Amount payable for sub-period: US\$365.57 per US\$100,000 nominal.

4. Accumulated Interest Amount payable: US\$ 1,160.08 per US\$100,000 nominal.

5. Next Interest Sub-period will be 7th September, 1989 to 10th October, 1989.

Agent Bank

Bank of America
International Limited

BfG:

Bank für Gemeinschafts
Aktiengesellschaft

London Branch

US \$100,000,000

FLOATING RATE DEPOSIT
NOTES 1992

In accordance with the provisions of the Note, notice is hereby given that for the Interest Period

7th August, 1989 to 7th February, 1990 the Notes will bear interest at the rate of

8.9, 16% per annum.

The Current amount per

US \$100,000 nominal is

US \$ 543,744.

The Interest Payment Date will be

7th February, 1990.

Samuel Montagu & Co. Limited

Agent Bank

WORLD ECONOMY

The Financial Times proposes to publish a Survey on the above on

26 SEPTEMBER 1989

For a full editorial synopsis and advertisement details, please contact:

NIGEL BICKNELL

on 01-873 3447

or write to him at:

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London SE1 9HL

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EUROPE'S BUSINESS NEWSPAPER

**PRINTING
TECHNOLOGY**

The Financial Times
proposes to publish this
survey on:

25 SEPTEMBER 1989

For a full editorial synopsis
and advertisement details,
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ORVAS 3 LIMITED

U.S.\$100,000,000

Secured Floating Rate Notes due 1992

Interest Rate 8.45% p.a. Interest Period

August 1, 1989 to February 5, 1990

Interest Payable per US\$100,000 Note

US\$4,367.78

Average price change... On day +0% or week +0%

Change on day/week Yield

Issued Bid Offer day/week Yield

150 194.4 121.4 -0.1 8.45

150 191.2 121.4 -0.1 8.45

150 187.7 121.4 -0.1 8.45

150 185.2 121.4 -0.1 8.45

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150 49.2

US Treasuries dip in dull trading

By Karen Zagor in New York and Norma Cohen in London

US TREASURY bonds traded moderately lower yesterday morning. Yield on the bellwether 30-year bond remained well below 8 per cent and selling was subdued and confined mainly to profit taking ahead of the July employment figures due this morning. At mid-day the long-bond was down 1/16 at 111 1/8, yielding 7.88.

GOVERNMENT BONDS

The Federal Reserve drained liquidity from the system by arranging overnight matched sales when Fed funds were at 8% per cent. Although the Fed's target level for the funds, at which banks lend to each other, is still thought to be 9% per cent, they have closed below 9 per cent all week.

In early afternoon the dollar was trading in a narrow range at Y136.65 and DMI 8635, up slightly from Y136.60 and DMI 8575 late Wednesday in New York.

BENCHMARK GOVERNMENT BONDS							
	Coupon	Ref Date	Price	Change	Yield	Week ago	
UK Gilts	12.500	9/82	104.27	-0.82	10.25	10.74	
	9.750	1/89	97.22	-0.12	10.16	10.05	
	9.000	10/85	97.25	-0.12	9.24	9.27	
US Treasury	8.125	5/89	103.01	-0.82	7.72	7.95	
	8.875	2/89	111.10	-1.92	7.58	8.08	
Japan	No 111	4.808	96.973	-0.416	5.09	5.14	
	No 2	5.703	3/87	107.0619	-0.001	4.95	4.98
Germany	7.000	2/89	102.6250	-0.275	6.82	6.64	
France	8.000	1/84	97.739	-0.245	5.85	5.86	
	8.125	5/89	98.4700	-0.040	5.85	5.84	
Canada	10.250	12/88	107.1750	+0.300	9.00	9.31	
Netherlands	7.000	3/88	100.3500	-0.010	6.94	7.03	
Australia	12.000	7/89	94.4850	+0.158	13.00	13.27	

London closing, *denotes New York morning session Prices: UK in 32nds, others in decimal

Technical Data/ATLAS Price Source

Yields: Local market standard

Prices: Local market standard

Yields: Local market standard

UK COMPANY NEWS

TI exceeds expectations with £49.2m

By John Riddings

TI GROUP, the restructured specialist engineering company, yesterday announced pre-tax profits ahead 23 per cent from £40.1m to £49.2m for the six months to June 30.

The results generally exceeded expectations but profit pushed the shares down 10p to 465p.

Turnover fell from £473.2m to £460.9m, largely reflecting the disposal of the slender and Canadian automotive businesses at the end of 1988 and the sale of the Bundy Performance Plastics business in 1989.

The sale of some lower margin businesses and a fall six months' contribution from Bundy, manufacturer of specialised small-diameter tubing, has

helped raise operating margins from 8.8 per cent to 10.3 per cent.

However, Mr Christopher Lewinton, chairman, said that "just over half of the increase in profits came from organic growth" where margins were improved by price rises, greater production efficiency and "a number of other factors."

Of TI's main divisions, specialised engineering raised profits from £19.1m to £24.5m and specialised tubes, boosted by acquisitions and stronger than expected European car markets, rose from £16.4m to £22.6m.

The automotive division saw profits decline from 25m to £23.3m, because of the dips in sales.

However, Mr Lewinton said interest savings largely offset the fall at the operating level.

With respect to the economic conditions in the US and UK, Mr Lewinton said that the group "had seen softening in a few business areas" but that this only really affected the automotive division in North America.

Mr Lewinton said TI was "essentially in the shape that we wanted to achieve when we started to restructure in 1986. However, the group would continue to seek acquisitions of a 'bolt-on' nature, and also possibly to create a new leg to the business."

He said any new acquisition would have to be in line with the group's strategy and would

therefore be in specialised engineering, with high value-added and would hold a leading position in its market.

Earnings per share increased from 18p to 22.2p and the interim dividend is raised by 21 per cent, from 4.75p to 5.75p.

• COMMENT

TI continues steadily along the course it charted in 1986, and the success of its specialist engineering strategy is shown clearly by the fact that profits for this year will be less than yesterday's interim. Such rates of growth will obviously be hard to sustain, particularly in the climate of higher interest rates, and there are some doubts about the refrigeration-

related business. But the group is now widely spread both geographically and in terms of product. The automotive sector, TI's largest single exposure, is down to 18 per cent of sales and the UK represents only 20 per cent of turnover by destination. With one-third of earnings coming from replacement, and a growing proportion of service-related sales, margins are more rigid downwards than upwards and will benefit from the integration of acquisitions, notably in thermal technology. Analysts have increased forecasts to £102m for the year and expect £115m in 1990. Current trading and the strength of TI's management and balance sheet suggest the prospective rating of 10 is not generous.

Hanson bid for Gold Fields approved**Second interim loss at Midland Bank in three years**

By David Borchard

HANSON, the UK conglomerate, yesterday won its own shareholders' approval for its £25.5m bid for Consolidated Gold Fields, the mining investment group. The bid, recommended by Gold Fields, is due to reach its first close today.

The pre-tax loss of £28.1m during the first six months of this year compared with a profit of £31.2m. The bank has incurred interim pre-tax losses for two of the last three years, though this year's loss was below the £28.1m reported for 1987.

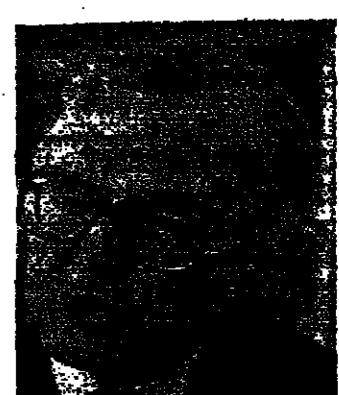
The results were greeted with some despondency on the stock market where the shares fell 50 pence to close at 345p. Analysts were dismayed not only by the return of the debt problem but also by the poor performance of Midland Montagu.

Sir Kit McMahon, group chairman, confirmed that the company has "no plans at this time" for Gold Fields if it gains control, and that the group has learnt over the years that it was unwise to make pronouncements about future intentions for companies it was seeking to acquire.

Lord Hanson was also asked about one Press report which suggested that some institutions had been recent buyers of Gold Fields' shares and that there could be problems in reaching the 90 per cent acceptance level at which the minority shareholders could be compulsorily acquired.

"As we all know," replied Lord Hanson, with heavy irony, "the Press are always very accurate. It is summer and has been hot - but I would have thought that Sir James Goldsmith would have taken us off the front pages." More seriously, he added that Hanson had no evidence of any major "frustrating" buying.

The approval for the offer was gained on a show of hands, with just four shareholders dissenting. Proxies were also overwhelming in favour.



Sir Kit McMahon: pleased by UK banking operations

money markets operations had fared much worse than a year ago.

Another disappointment was operating expenses which during the last eighteen months Midland has been struggling to reduce. The bank's cost/income ratio now stands at 66.7 per cent compared with 66.7 per cent a year ago, though it has fallen from 69.6 per cent at the start of the year.

Domestic net interest margins fell from 5.1 per cent a year ago and 4.8 per cent at the start of the year to 4.5 per cent, while the net interest margin for the group as a whole was 3.2 per cent (3.5 per cent). The domestic net interest spread in lending, particularly to small and medium-sized businesses,

However, profits from associated companies in UK banking rose to £26m (£22m).

Losses per share were 49.6p (earnings 30.2p), but the interim provision was increased by 7.3 per cent to 7.3p (5.8p), which Sir Kit described as a reasonable increase, though it is well below the increases announced by the other large clearing banks.

The total equity to total assets ratio fell to 4.2 per cent (5.2 per cent), and its risk/assets ratio under the Basle Agreement dropped from 11.8 per cent at the beginning of the year to 9.7 per cent.

See Lex

MTS recommends £8.8m bid

By Edward Suessman

MEAT TRADE Suppliers, the troubled sausage casing supplier with appealing property interests, is officially in play. MTS recommended a reverse takeover by Alpha Gamma, a property developer, but hinted it was open to a higher bid.

Mr Campbell Allan, an MTS director, said: "This is the best offer we've seen, but the board will be flexible."

Alpha Gamma is offering to pay 338p for two of every five MTS shares. The bid values MTS at about £8.8m, substantially below the £11.2m implied

by its 490p suspension price in March. MTS, in turn, is offering to buy Alpha Gamma for £12.3m - only £300,000 of which is in cash, with the rest in 3.54m MTS shares, compared with the 2.6m currently in issue.

The offer pits Alpha Gamma against Twigrealm, a company created to bid for MTS. It is controlled by Mr Freddy Hirsch, a South African butcher's supplier, and Mr Stephan Wingate, a UK property developer.

No specific offer has yet been

made by Twigrealm, but on Wednesday it acquired rights to 24.54 per cent of MTS, conditional on a successful bid being made.

Mr Allan's wife, Mrs Samantha Allan, is the MTS chairman and led a faction backed by M&G Trust, a 16.5 per cent stake holder, to oust her father, Mr William Anstis.

Mr Anstis and three of his children are believed to be backing Twigrealm. Both suitors say they would also develop MTS's meat business as well as exploit its property.

Smith New Court's highest paid director gets £0.54m

By Richard Waters

A director of Smith New Court was paid £541,000 last year, nearly three times as much as the securities firm's highest paid director in 1987-88, even though the firm slid heavily into loss.

A substantial part of the payment represented the deferred joining fee or "golden hello" of a director taken on in an earlier year, said Mr Anthony Abrahams, head of UK market making. He declined to name the director concerned.

The next highest paid director received £180,000-£185,000 in the year to May 5, suggesting that the "golden hello" element was in excess of £350,000.

Besides the "golden hello", Smith New Court's accounts also show a payment of £220,000 to compensate a former director, Mr John McNair, for loss of office.

The payments came in a year when Smith New Court reported a pre-tax loss of £12.6m, compared to a profit of £7.6m the year before.

Unilever buys out W German associate

By Lisa Wood

UNILEVER, the Anglo-Dutch food, soap, cosmetics and chemicals group, has become the sole owner of Homann, a West German edible fats, salads and sauces group in which it has held a 50 per cent stake since 1929.

The price of the deal has not been disclosed but industry observers yesterday estimated a price tag of about £80m for the 50 per cent stake held by the Homann family.

The Homann group, achieved sales of DM 529m (£165m) in 1988. Edible fats are the largest part of its business but substantial growth has come from pre-packed salads.

Acquisitive P&P accelerates 52% to £5m

By Vanessa Houlder

P&P, the microcomputer dealer and distributor, increased pre-tax profits by 52 per cent from £2.3m to £3.5m in the six months to May 31. Turnover increased by 50 per cent to £90m.

The result included a £400,000 profit and £3.8m turnover contribution from Personal Computers, the USM-traded microcomputer distributor acquired for £1.46m in February. The company, which had been making losses before its acquisition, had been successfully integrated, said P&P.

Professor Roland Smith, chairman, said there had been excellent growth in all sales

divisions. Sales to large corporate clients continued to show a significant increase, supported by its value added approach, he said. Distribution division performed in line with expectations.

Mr David Southworth, group managing director, said P&P was seeking UK acquisitions and planning to expand in continental Europe, to meet opportunities from suppliers such as Hewlett-Packard, which was intending to move its distribution onto a pan-European basis.

Fully diluted earnings increased by 12.5 per cent from 8.8p to 9.9p per share. The interim dividend is raised to 1.1p (1p).

• COMMENT

It almost goes without saying that P&P has come a long way from its origins in 1980 as Pete and Paul Computers, started by social workers from their south London home. But, perhaps more importantly, it has also changed substantially since the arrival of new management in 1986. The bias of the business towards distribution has been reversed, with direct sales to big corporate clients now taking the lion's share. As a result, P&P is enjoying high margins by emphasising training, installation and maintenance, which allows it to shrug off the price wars and sluggish demand that are bedeviling many other distributors. In view of this and P&P's apparent success turning round Personal Computers, P&P's rating of 11, assuming pre-tax profits of £10.5m for the year, and a share price of 21p, up 1p, seems understandable. Its share price may, in the short term, continue to be dampened by the overhang of shares issued for Personal Computers but longer-term investors will be attracted by its growing reputation as the best managed company in the sector.

Hawker Siddeley

Hawker Siddeley has acquired Angier SA, a privately-owned French electrical transformer manufacturing company, for £2.9m.

THE BRENT WALKER GROUP PLC**JAPANESE YEN 15,000,000,000
5 YEAR PRIVATE PLACING**

Arranged By

SVENSKA INTERNATIONAL PLC

LEAD MANAGED BY

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Japan Leasing Corporation

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Diamond Lease Company Ltd.

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CURRENCY SWAP PROVIDED BY

Svenska Handelsbanken, London Branch

THE BRENT WALKER GROUP PLC

**£70,000,000
8 YEAR TERM LOAN**

Arranged By

SVENSKA HANDELSBANKEN,
LONDON BRANCH

LEAD MANAGER

Svenska Handelsbanken,
London Branch

CO-LEAD MANAGERS

The Bank of Yokohama, Ltd.

The Mitsui Bank, Limited

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PARTICIPANTS

The Hyakujishi Bank, Ltd.

The Taiyo Kobe Bank, Limited

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The Chuo Trust and Banking Company, Limited

The Hiroshima Bank, Ltd.

The Mitsubishi Bank, Limited

AGENT BANK

Svenska Handelsbanken, London Branch

July 1989

We're not just one of Britain's biggest businesses

Few would be surprised to learn that distributing and supplying electricity is one of the largest enterprises in Britain.

Even the fact that our total annual turnover in England and Wales is larger than ICI worldwide* may not raise many eyebrows.

We are in fact separate and local electricity boards. And as such, we are 12 very large and successful British businesses.

What may come as rather more of a revelation, however, is the scale of each of the individual area board's operations.

For instance, even the smallest has a turnover of more than £500 million.

We're twelve of them

The key to our success is the commitment to our customers in the regions through the common responsibility to supply electricity.

And, in meeting this responsibility, we offer both our business and domestic customers advice on the most efficient use of energy.

Our annual reports, published this week, show continuing progress and improvements in standards of service and give details of our operations over the last year.

We've always been seen as one of Britain's most important businesses.

In fact, we're twelve of them.

The local Electricity businesses.

*As at 31.12.88.



UK COMPANY NEWS

Foreign holdings in R-R and BAe can rise

By John Thornhill

FOREIGN INVESTORS will be allowed to increase their shareholdings in Rolls-Royce and British Aerospace up to 29.5 per cent, the Department of Trade and Industry announced yesterday.

Both companies welcomed the decision, which followed extensive discussions lasting over a year between the UK Government and the European Commission.

The two privatised companies will ask shareholders to approve the necessary changes to their articles of association, which at present restrict foreign shareholdings to a maximum of 15 per cent of the companies' equity.

BAe will hold an extraordinary general meeting on August 16 to seek approval, while Rolls-Royce will call an EGM in Bristol on September

11. In the meantime, the 15 per cent limits will remain in force.

The European Commission had pressed for the removal of the limits altogether, claiming they contravened EC law on the equal treatment of all European investors. But the UK Government countered that a limit was justified under Article 223 of the Treaty of Rome, which allows govern-

ments to take such measures as are necessary to protect national security - both companies have significant interests in the defence field.

However, the Government has agreed to review the 29.5 per cent limit at the end of 1992 in the light of changes in the structure of the European defence industry.

The Government still retains a special share in both compa-

nies. In the case of Rolls-Royce, this stipulates that the Government's approval must be sought for any material disposal of assets and requires that at least 75 per cent of Rolls-Royce's directors, including the chairman and managing director, must be British.

The Government insists that all BAe directors should be British and has the right to appoint a director to the board.

Questions still remain

Nikki Tait on the Panel's Low/Budgens report

A CATALOGUE of misfortunes is how Mr James Miller, William Low's chief executive, sums up the group's unhappy abortive bid for Budgens, its fellow food retailer.

That seems an understatement. The inquiry by the Take-over Panel into Low's decision not to proceed with its £136m offer last May, was made public yesterday and S. G. Warburg, arguably the City's leading investment bank, was given full responsibility for a breach of rule 3 of the Take-over Code.

This is the principle, said by the Panel in its report to be of great importance, which requires a bidder only to announce an offer after "the most careful and responsible consideration".

Coming soon after the Blue Arrow/County NatWest report, the Panel's conclusions hardly enhance the reputation of the substantial banking community. And though the Panel reports may still have some unanswered questions,

As there remains some dispute on the details the Panel's approach has been to use the Low/Warburg account in reaching its conclusions. It took the view that the resolution of such disagreements "would not have assisted in determining the central issue".

which was whether Low and its advisers proceeded with due diligence, and that this was therefore the fairer approach.

With that in mind, the report makes clear the proposed deal between Low and Budgens started with two meetings between Mr Miller and his counterpart at Budgens, during March and a third one in April.

Low instructed a computer model to produce cash flow simple and the Panel lays the blame at Warburg's rather than Low's door. "We do not think that Low itself can be criticised for this breach (of principle 3)... we consider the responsibility lies with S. G. Warburg."

It's conclusions are relatively simple and the Panel lays the blame at Warburg's rather than Low's door. "We do not think that Low itself can be criticised for this breach (of principle 3)... we consider the responsibility lies with S. G. Warburg."

However despite the 12-page Panel judgement some unanswered questions still remain. One of the areas not discussed is who first had the idea for the link-up, which had been a subject of speculation in the past because of the two groups' size and geographical.

Mr Miller suggested yesterday that a third party merchant bank first sounded Low out, and suspected that Budgens' advisers may have been behind this. Mr Fletcher declined to discuss this saying that he did not know whose notion it was first.

There is also some mystery as to why the deal, since it was friendly, was completed relatively quickly if there were unanswered questions. The report suggests that there were fears in the Low camp that the Budgens price was already moving, but a suspension of the shares could surely have dealt with that.

And there has been some speculation about what role, if any, the Isosceles-Gateway battle played in the background. Mr Fletcher had made a bid for Gateway a year earlier and was a friend of Mr David Smith, Isosceles' chief executive, while Low's adviser was also handling the Isosceles bid, launched on April 17. Warburg, however, dismissed any connection yesterday.

More broking clout was brought in, and a second attempt at sub-underwriting proved successful. Then, on

May 12, the deal was abruptly aborted, when Low said that it could not recommend it to its own shareholders. The decision came as the result of working capital statements produced during the process of preparing the offer document, which gave Low further information about its target.

The Panel states: "The essential issue was whether Low and Warburg should, before deciding to make an offer, have sought more information." In particular it should have asked for clarification of future borrowing for 1988/90, plus an up-to-date balance sheet and a 1989/90 budget.

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The deal, in the form of a share exchange with an undrawn cash alternative, was agreed in the early hours and released to the world on April 20. Although not referred to in the Panel report, the sub-underwriting then flopped, leaving the potentially embarrassing possibility that Warburg, as underwriter, could end up with a 25 per cent stake in Low.

More broking clout was brought in, and a second attempt at sub-underwriting proved successful. Then, on

AJ Worthington £1.98m purchase as profits slide

By John Riddings

AJ WORTHINGTON (Holdings), the textile manufacturer and importer, announced a sharp fall in profits and its first acquisition since a capital injection in March.

The company is to buy Steinberger Holdings, supplier of buttons and trimmings to the clothing industry, for a total £1.98m in cash.

In 1988 Steinberger reported pre-tax profits of £364,000 on sales of £4.25m.

The capital injection, in the form of a rights issue, was backed by Mr Henry Schuldenfrei, who became deputy chairman. He said at the time that he intended to use Worthington as a vehicle for acquisitions.

Worthington's own pre-tax profits for the year to March 30 fell from £268,000 to £102,378 on sales down from £4.25m to £3.85m. Earnings per share slipped from 4.8p to 2.7p. The dividend is maintained at 0.5p.

Int'l Communication in talks

By Edward Suseman

International Communication & Data, a restructured Third Market company formerly known as Publishing Holdings, is in negotiations which could lead to the sale of a "substantial" part of the business.

Last year it sold its publishing interests, including its financial newsletters and mag-

azines. ICD blamed these for its downturn in the last quarter of 1987. It finished the 1987-88 year with a loss of £56,000.

In December, ICD said pre-tax profits had dropped to £20,000 (£225,000) in the six months to August. Its shares gained 2p to 18p yesterday.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Abbey	fin 4.5%	Oct 3	3.8	6.7	6
BCE Holdings 5	nil	—	0.4	1	—
Cowie (T)	int 1.2	Sept 8	1.2	—	5.2
Midland Bank	int 7.3	Oct 15	6.8*	—	18.4*
Mid Wynd	fin 2.65	—	1.9	4.2	3.2
P&P	int 1.1	Oct 2	1	—	3
Planning Tech 5	fin 2.5	—	—	2.5	—
Radiant Metal	fin 2	—	2	3	3
Ti Group	int 5.75	Oct 6	4.76	—	13.5

Dividends shown in pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. **On capital increased by rights and/or acquisition issues. \$USM stock \$Unquoted stock. #Third market. #Irish currency.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of discussing financial and other matters. Dividends are not available as to whether the dividends are interim or final and the date of record is not given. Dividends are based mainly on last year's earnings.

TODAY

Interstate Freeman, Investment Trust of Guyana, West Coast Consolidated.

FUTURE DATES

Abbot

BellSouth (Parc)

Daves Estates

Espresso Int'l

Haywood Williams

Hutton

Vitacol

Phoenix

Aerospace Engineering

Amoco

Genstar (John)

Davies (Dy)

West Trust

The Underwood announces that as from 7th August 1989 at Kamakura N.V. the following companies will be listed on the Luxembourg Stock Exchange in Luxembourg.

16 (accompanied by an "A" prefix) of the 17 Nippon Meat Packers Inc., Tokyo, Japan, will be listed with US\$ 72.80 per CDR, rep. 1,000 shs, and with US\$ 22.60 per CDR, rep. 100 shs, and with US\$ 31.00 per CDR, rep. 100 shs.

— Ven 188, — US\$ 1.35 per CDR, rep. 100 shs, and with US\$ 4.05 per CDR, rep. 100 shs.

Without an A prefix, 2015 Japanese yen (approx. US\$ 1.35) per CDR, rep. 100 shs and 1,000 shs.

With an A prefix, 1,000 yen (approx. US\$ 0.65) per CDR, rep. 100 shs and 1,000 shs.

After 31.10.1990 the dividend will only be paid under deduction of 20% Japanese tax — Ven 188, — US\$ 0.83 per CDR, rep. 100 shs and 1,000 shs.

Without an A prefix, 2015 Japanese yen (approx. US\$ 1.35) per CDR, rep. 100 shs and 1,000 shs.

With an A prefix, 1,000 yen (approx. US\$ 0.65) per CDR, rep. 100 shs and 1,000 shs.

Amsterdam, 25th July 1989

AMSTERDAM DEPOSITORY COMPAGNIE N.V.

City & Westminster takes 15% stake in Parrish

By Philip Coggan

SHARES IN Parrish, the private client stockbroker jumped 12% to 67p yesterday after it was revealed that City & Westminster Group, the former A&M, had acquired a 15 per cent stake for around £22,000.

The purchase solves one problem for Parrish since the stake was formerly owned by Speley Holdings, an Australian finance house now in the hands of liquidators.

The uncertain future of the stake was preventing Parrish from bringing forward a recapitalisation package, needed after the group incurred what are believed to be substantial

losses in the year to January. Parrish said there was no commitment to appoint Mr Greystoke to the board but Mr Greystoke said it would be "nice" if he was appointed.

Meanwhile, Mr Giles Pitman, to become chief executive of Summer International, the training and education group which has been revamped by City & Westminster.

City & Westminster reversed into A&M, a theatrical furniture rental company, last month and plans to build up a financial services group. "We've been looking for a broker" said Mr Greystoke, "and we think there is a lot of busi-

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UK COMPANY NEWS

Robert Maxwell falls silent over sale of De La Rue subsidiary Shareholders vote to sell Crosfield

By Andrew Hill

MR ROBERT MAXWELL yesterday surprised De La Rue by apparently dropping his attempt to block the banknote-printer's sale of its Crosfield Electronics subsidiary.

De La Rue shareholders voted in favour of the \$235m sale to Du Pont, the US chemicals group, and Fuji Photo of Japan, after Mr Maxwell, previously a vociferous opponent of the deal, fell silent. The publisher was said to be on his private yacht.

Attention is now likely to focus on the future of De La Rue. Shares in the group fell 5p to \$15p yesterday and once the Crosfield sale is complete some observers believe the rest of De La Rue could be vulnerable to a bid from competitors.

Mr Maxwell holds 15 per cent of De La Rue in private interests. He bought the shares at around 42p in 1987 and controls a further 6.5 per cent through Scitex, an Israeli-based company which had indicated it might be prepared to outbid Du Pont/Fuji for Crosfield.

Scitex, 27 per cent of which is owned by Mr Maxwell's Mirror Group Newspapers, bought its stake at about 385p two weeks ago.

Both holdings could now be sold but only at a total loss of some 22m.



Ashley Ashurst, De La Rue's finance director (left), and Peter Orchard, chairman: very happy with the outcome

The publisher had said he would press for adjournment of yesterday's meeting, but when Mr Peter Orchard, De La Rue's chairman, invited questions from shareholders nobody spoke.

In the ensuing poll, some 45 per cent of De La Rue's share capital was voted in favour of the resolution, including just under 5 per cent belonging to the shareholder who had indicated it might be prepared to outbid Du Pont/Fuji for Crosfield.

Both holdings could now be sold but only at a total loss of some 22m.

Kentish homes receivers given the green light

By Clare Pearson

INSTITUTIONS THAT provided loans for two big east London residential developments by Kentish Property Group, the beleaguered builder, have given the go-ahead to the receivers to continue constructing the homes.

The decisions to support further building provides hope that the 250 buyers who put down deposits will be able to move in to their homes.

The developments are at Burrell's Wharf on the Isle of Dogs and Bow Quarter in the East End.

Halifax Building Society, which funded Burrell's Wharf, and the syndicate of banks headed by Security Pacific National Bank which financed

Bow Quarter, both separately appointed receivers from Peat Marwick McLintock.

Halifax said it would provide further finance so a "revised scheme could be completed as a quality development" even if it meant taking provision for a loss on the project.

It was not clear how much further building at the site Halifax envisaged supporting.

Mr Tony Richmond, the receiver, said Kentish had already drawn on Halifax's £25m loan facility in full.

He said about a further £25m would have been required to complete the development.

On Monday, Kentish failed to persuade the High Court to appoint an administrator to run its affairs.

GLOBAL GOVERNMENT PLUS FUND LIMITED

INTERNATIONAL DEPOSITORY RECEIPTS
ISSUED BY
MORGAN GUARANTY TRUST COMPANY OF NEW YORK
BRUSSELS OFFICE
AND REPRESENTING 100 COMMON SHARES

The Board of Directors of Global Government Plus Fund Limited has authorized an offer to purchase up to 25% of the Company's issued and outstanding common shares ("offer"). The offer has been made by the Company to all registered holders of its common shares in accordance with the terms of the Company's by-laws. Under the terms and conditions of the offer, a holder may tender all or part of his shares in the offer. The Company will purchase only 25% of the shares on a pro rata basis (disregarding fractions) in accordance with the number of shares tendered by each shareholder.

The offer will be made conditional upon, among other things, the Company's ability to liquidate its portfolio securities in an orderly manner and consistent with the Company's investment policy and objectives in order to finance the purchase of shares, more than 25% of the shares are offered for purchase, and the offer is not withdrawn under the offer. The Company will purchase only 25% of the shares on a pro rata basis (disregarding fractions) in accordance with the number of shares tendered by each shareholder.

IDR-holders who wish to participate should make their offer to August 18, 1989:

1) deliver the IDRs with coupon number 15 attached to Morgan Guaranty Trust Company of New York at the address indicated below, by August 18th, 1989 and

2) send the following to the same address by August 18th, 1989:

2.1 a certificate in the form imposed by the Company and available at the address indicated below, completed and signed by the beneficial owner of the IDRs, declaring the owner is tendering all his shares and not less than all for purchase;

2.2 an instruction containing all of the following items:

2.2.1 an indication of the quantity of the beneficial owner;

2.2.2 payment instructions for 25% of the purchase;

2.2.3 registration and delivery instructions for shares accepted by the Company if the Company only purchases shares on a pro rata basis as described above.

Although IDR coupon number 14 will only be payable on October 1st, 1989, IDR-holders accepting the offer will be entitled to this dividend. If the shares are accepted for purchase, a service charge of US \$ 25 due to the Company, an IDR cancellation fee of US \$ 10 per IDR and the expenses incurred by Morgan, Brussels, will be deducted from the proceeds.

MORGAN GUARANTY TRUST COMPANY OF NEW YORK
35 avenue des Arts, 1040 Brussels



The Board of Management of Akzo N.V. announces that on August 3, 1989 the results for the 1st half year 1989 were published.

Copies of this report may be obtained from the London Paying Agents:

Barclays Bank PLC
Stock Exchange Services Department
54 Lombard Street
London EC3P 5AH
and

Midland Bank PLC
International Division
Securities Services Department
110-116 Cannon Street
London EC4N 6AA.

or at the offices of
Akzo N.V.
Velperweg 76
P.O. Box 9500
6800 SB Arnhem
The Netherlands

A summary of the results will be presented in the August 18 issue of this paper.

Arnhem, August 4, 1989
Akzo N.V., the Netherlands

Panel rules on Boots/Ward White bid

By Philip Coggan

THE TAKEOVER Panel yesterday allowed a Ward White appeal on a complex issue governing the treatment of convertible preference shares in the Boots bid for its Halfords and Payless chains.

But Ward White appealed, arguing that the ruling would allow Boots' offer to go unconditional well before the closing date, even if Boots had received acceptances from only 37 per cent of each class of ordinary shares.

In theory, Boots could have received acceptances from convertible preference shareholders, lodged conversion notices and then counted the ensuing ordinary shares towards its 50.01 per cent tar-

get for declaring the bid unconditional.

The executive of the Panel had ruled that Boots could include such shares in its acceptance total.

But Ward White appealed, arguing that the ruling would allow Boots' offer to go unconditional well before the closing date, even if Boots had received acceptances from only 37 per cent of each class of ordinary shares.

The decision revolved around rule 10 of the Takeover Code which states that "If must be a condition of any offer for voting equity share capital . . . that the offer will not be declared unconditional as to acceptances unless the

offer has acquired or agreed to acquire . . . shares carrying over 50 per cent of the voting rights attributable to the equity share capital alone and the equity share capital and the non-equity share capital combined".

Until January 1988, bidders had been required to take account of "potential equity" which created the possibility that bidders would be expected to obtain shares which were, in practice, not going to be issued. Note 2 to Rule 10 of the Code was then amended to avoid that problem.

However, on the last day of the bid - September 1 - Boots can include those convertible preference shares where conversion notices have been lodged.

The issue was complicated by the fact that the conversion period is due to come to an end on September 1, the day before the last close of the Boots bid.

The Panel has decided that Boots will not be allowed to count the convertibles until September 1.

Until midnight on that day, Boots can only declare its offer unconditional if it receives acceptances in respect of 50 per cent of its existing ordinary shares.

However, on the last day of the bid - September 1 - Boots can include those convertible preference shares where conversion notices have been lodged.

ECC raising \$400m in US preference issue

By Clare Pearson

ENGLISH CHINA Clays, the industrial minerals and construction group, is following in the footsteps of BET and Rank Organisation to become the third UK company to announce an issue of preference shares in the US domestic market.

The issue of up to \$400m (£242m) of dollar-denominated preference shares - of which \$200m is to be launched initially - requires, as a new class of shares, the approval of ECC's shareholders. But the

shares carry extremely limited voting rights and are not divisible.

The issue is designed to strengthen ECC's balance sheet by reducing gearing; the company said it would be down to about 10.15 per cent by the year-end. It also fits in with ECC's policy of financing assets in the US, where about 10 per cent of its operating profits are generated, in dollars.

The dividend payments are to be reset at 28-day intervals by an auction process, determined by prevailing US interest rates. But ECC has the option to set the payments for longer periods if market conditions are favourable.

Mr Bob Carlton-Porter, finance director, said while the cost of servicing the issue was currently about one percentage point greater, in after-tax terms, than a US commercial paper programme would have

TI GROUP

Half year to 30 June, 1989

Pre-tax Profit

£49.2M

UP 23%

Earnings Per Share

22.2p

UP 23%

Interim Dividend

5.75p

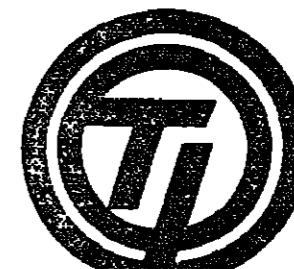
UP 21%

STRONG ALL-ROUND PERFORMANCE

"The quality of TI's operating management and the strength of our business portfolio with its market, industry and geographic balance are reflected in the performance in the first half of 1989 which shows strong, continuing growth."



Christopher Lewinton, Chairman



For a copy of the Interim Statement please write to:- Department of Public Affairs, TI Group plc, 50 Curzon Street, London W1Y 7PN.

The contents of this advertisement, for which the directors of TI Group plc are solely responsible, have been approved for the purposes of Section 57 of the Financial Services Act 1986 by Price Waterhouse as authorised persons.

Morgan Grenfell's first class performance.

	Gain in value	Sector quartile
American Growth	42.7%	1st
European Growth	91.1%	1st
International Growth	55.7%	1st
U.K. Equity Income	19.6%	1st

Source: Micropal, offer to bid, net income revalued 1.4.89 - 3.7.89.

Consistent returns like this – plus innovations like our range of Index Tracker Trusts; UK Tracker, US Tracker and Japan Tracker and the launch of our PEP Mortgage Scheme have attracted £100m of investment. They have also attracted the Sunday Telegraph's 1988 Smaller Unit Trust Group of the Year award and the PIMS 1989 Fund Management Group of the Year award. The Morgan Grenfell 1989 PEP is now available on our UK Equity Income Trust, UK Equity Index Tracker Trust and Managed Fund.

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PIMS
Fund
Management
Group of the Year 1989

Lovell's £20m building materials move

By Philip Coggan

THE INVESTOR group which last February acquired a 76.6 per cent stake in G F Lovell, the confectionery manufacturer, yesterday made its first major move with the acquisition of four building materials companies for £20m.

The purchases, financed with a 19-for-six rights issue, will involve Lovell stepping down from the main market to the USA, since one of the companies being purchased has only a three year track record.

Three former Tarmac executives, Mr Peter Woodman, Mr Robert Taylor and Mr Andrew Mackenzie, left the investor group, backed by the merchant bank Leaden Brothers and Mr Robert Morton, the chairman and chief executive of Vistec.

The group acquired the 76.6 per cent stake at 110p per share and Lovell shares have since leapt to 530p, at which level they were suspended yesterday.

Mr Woodman, executive chairman, said yesterday that the group intended to expand via acquisition, in niche areas of the building materials sector.

The companies currently being acquired include two which are part of the private interests of the directors and one which was a Tarmac subsidiary.

Transplastix manufacturers plastering systems and rooflights, formerly industrial and commercial projects. It made operating profits of £1m on turnover of £10.35m in the year to March 31 1988. Lovell is paying an initial 55.7m, and assuming obligations of £2.4m, with further potential deferred consideration of up to £4.1m.

Natural Stone Products, currently a division of Tarmac, quarries, processes and dresses stone, largely for the external and internal cladding of buildings. It made operating profits

of £11.3m on turnover of £26.6m in 1988. The consideration is £2.3m. Insuwall, being purchased for £1.7m, provides insulation services to the housing and construction market. It made operating profits of £10.3m on turnover of 21.3m in 1988.

Under the rights issue, the company will raise £10.7m via the issue of 2.88m shares at 40p each. The investor group will not be taking up any of its rights to the shares, which will be placed in the market.

Mr Woodman said there were no current plans to sell the group's confectionery interests, based in Great Britain, and the company was working to make the businesses profitable. A final dividend of 2p per share will be proposed and the board expects to recommend an interim dividend of 2p and a final dividend of 5p for the year to March 31 1990.



Peter Woodman: no plans to sell confectionery interests

of £498,000 on turnover of £2.05m in 1988 and Lovell is paying £3.8m.

Triad Timber Components manufactures timber trusses and achieved operating profits

Harrison & Crosfield adhesives purchase

By Clare Pearson

HARRISON & Crosfield is paying £80m (£11.12m) to buy Hardman Incorporated and Hardman Industries, a New Jersey-based manufacturer of industrial adhesives, elastomers and sealants.

The acquisition is part of a policy of H&C, where the other interests are in plantations, timber and foods, to further build up its Harcros chemicals operations which now comprise its biggest division.

Last year, Hardman reported operating income of £1.4m on sales of £13m. Mr George Paul, H&C chief executive, said it would extend the company's organic chemicals activities in the US, where it already had a strong organic manufacturing base. There would be scope for dual transfer of technology between Hardman and the existing businesses.

In 1988, H&C's chemicals operations increased their contribution to operating profits by a third to £50.2m, within a group total of £128.8m.

As part of last year's sweeping reorganisation of the group, they were all brought under the Harcros Chemicals umbrella.

Planning Research

Planning Research & Systems, the information services group which joined the USM last December, announced a jump in pre-tax profits from \$114,700 to \$219,500 for the year to March 31. Turnover was \$2.7m against \$1.9m for the previous 15 months.

A final 2.5p dividend is proposed. Earnings were 10.4p (\$2.7p) per share.

NEWS DIGEST

T Cowie static as high interest rates bite

By John Thornhill

HIGH INTEREST rates cramped growth at T Cowie, the Sunderland-based motor dealer and finance group, as pre-tax profits advanced only marginally from £10.56m to £10.66m for the six months to June 30.

Turnover rose 27 per cent to £285.69m (£224.88m) and operating profits grew 48 per cent to £28.57m (£19.46m), but interest charges more than doubled at £18m (£8.9m) checked growth at the taxable level.

Mr Tom Cowie, chairman, said he was delighted by organic growth achieved by the group but disappointed at the effects of the interest rates.

The contract hire fleet, which contributes the majority of profits, was expanded from 48,500 to 52,100 vehicles during

the period, and topped £100m in turnover.

In the first six months of the year, Cowie's vehicle sales increased by nearly 29 per cent compared with a national increase of 8 per cent. The company said sales to corporate customers were holding up well but it expected retail sales to dip in the second half.

The bus and coach operations contributed £250,000 to trading profits compared with £75,000 in the comparable period.

Cowie runs 74 buses on six routes in the London Regional Transport area and benefited from the recent public sector transport troubles. "The strikes are manna from heaven for us," Mr Cowie said. The division also runs a coachfleet

of 53 vehicles.

The interim dividend is unchanged at 1.2p payable from earnings per share only slightly ahead at 6.77p (6.59p).

COMMENT

Putre in operating terms, this was a strong performance from Cowie. The contract hire operations showed good growth; the motor retail division forged ahead encouragingly; the bus and coach operations contributed usefully; and property profits chipped in too. But much to Mr Cowie's frustration the numbers simply did not add up at the pre-tax level. In the short term, excessively high interest rates have crippled Cowie, rubbing it of an estimated

£2.8m in profits. But all is not despair, in the longer term current interest rates could even work to Cowie's advantage: three year hire contracts written in today's economic climate will be all the more attractive when interest rates start to fall — the company estimates that on an annualised basis each one per cent cut could add £2.5m to the bottom line. Cowie continues to play tricks with its tax and the estimated 20 per cent charge for the year will help to protect earnings. Nevertheless, pre-tax profit forecasts just ahead of £26m and a prospective p/e of about 8 do not look too tempting in the current economic climate. When interest rates start falling, however, the story will be quite different.

Abbey rises in declining market

ABBEY, the Dublin-based housebuilder and plant hire company, lifted pre-tax profits by just 9 per cent to £161.74m (£16.25m) against £17.18m in the year to April 30. Turnover advanced 21 per cent from £101.12m to £122.12m.

Directors said the result was obtained in a deteriorating market brought about by frequent interest rate rises. In response to the changing conditions they disposed of certain lands which yielded profits of £6.8m. Together with a realisation of remaining properties the net contribution to profits was £1.74m. The money is being reinvested in building land following a significant fall in land prices.

A final dividend of 4.5p (3.8p) is recommended, making a 6.7p (6p) total. Earnings worked through at 32.65p (30.77p) per share.

Swanyard Studios drops to £87,000

Profits of Swanyard Studios fell from £254,671 to £27,264 pre-tax for 1988 after taking account of an exceptional provision of £26,784.

Since its debut on the Third Market in January 1988, Swanyard has been transformed from a business selling studio time in London to an internationally co-ordinated music, film and management company.

Over turnover ahead to £2.5m (£1.73m), the pre-tax figure fell from £206,000 to just £111,000. At the same stage last year, analysts were forecasting prof-

its around the £235,000 level. The outcome was adversely affected by a sharp increase in administrative expenses to £828,000 (£80,000) and in distribution costs to £408,000 (£216,000). Earnings per share fell to 5.3p (3.8p).

Reserves of £267m at Kennmare venture

Kennmare Resources, the USM-quoted Irish group, said yesterday that a consultant's report on its joint-venture mineral sands project in Mozambique showed proven reserves worth £267m at current prices and enough to give a mine life of nine and a half years.

Metallurgical tests were near completion and a full feasibility study on the project, in which Kennmare's partner is the state-owned Geoloski Zavod of Yugoslavia, is expected at the end of September.

Preliminary results for the year to April 30 showed an increased pre-tax loss of £129.782 (£225.300), against £118.353 last time. The loss per share was 0.76p (0.58p).

A final dividend of 4.5p (3.8p)

is recommended, making a 6.7p (6p) total. Earnings worked through at 32.65p (30.77p) per share.

BCE incurs losses and omits final

The fortunes of BCE Holdings, the USM-quoted manufacturer and distributor of snooker and pool equipment, have taken a further tumble with a pre-tax loss of £355,000 for the year to March 31. The figures struck after taking account of a £1.23m rise in administration costs to £5.23m, compared with profits of £249,000 last time and £1.1m for 1988-87.

With a loss per share of 0.8p (1.1p earnings), the final dividend is omitted (0.6p) leaving the total at 0.4p (1p).

Our interim results for the period ended 30th June 1989

"I am glad to report an outstanding performance from UK Banking, within which there was particularly good progress in corporate banking, where we continue to increase our market share."

In Midland Montagu, good progress overall in our client-based business areas was overshadowed by the disappointing performance of the money market and securities operations.

The announcement of the Brady plan gave rise to an immediate worsening of the third world debt problem. However, the increased level of provisions will give us greater flexibility in working down our exposures and our capital ratios remain strong.

We have the resources to keep our strategy on course, and to maintain our high level of investment, both revenue and capital, in people, systems and premises."

Sir Kit McMahon

Sir Kit McMahon, Chairman

MIDLAND GROUP

Midland Bank plc is a member of IMRO and AFBD

A full copy of the press release is available from the Secretary, Midland Bank plc, Head Office, Poultry, London EC2P 2BX. Telephone: 01-260 8184



TRANS-NATAL
Coal Corporation Limited

(Incorporated in the Republic of South Africa Registration No. 63/01000/06)

REPORT FOR THE TWELVE MONTHS ENDED 30 JUNE 1989

INCOME STATEMENT (£ million)	30 June 1989	30 June 1988
Sales revenue	1671.9	174.1
Cost of sales	734.8	815.0
Operating income	127.1	59.1
Net financing charges	15.7	16.6
Amortisation	50.9	41.2
Income before taxation	71.4	1.3
Normal taxation	11.4	12.1
Deferred taxation benefits	(0.7)	(7.5)
Income/(loss) after taxation	60.3	(3.2)
Extraordinary income	22.9	(24.6)
Attributable income/(loss)	84.2	(27.9)
Dividends to shareholders	29.8	9.7
Retained income/(loss) for year	54.3	(37.2)
Unappropriated income	70.7	18.2
Distributable reserves	144.1	90.7
Average capital utilised in losses (£ million)	78.9	78.4
Earnings per capital unit (cents)	74.4	44.2
Dividends per capital unit (cents)	36.9	10.7
Site coverage (£ million)	36.3	33.8
** The expert component of sales revenue has been restated on FRS basis.		
By order of the Board:		
John G. Cawson, L.J. Baines		
20th Floor,		
London EC1N 5UA		
3 August 1989		

London Transfer Secretaries
Barclays Register Limited
4 Greenwich Place
London SE1 1PZ

Copies of the full report are available from the London Office, 20th Floor, London EC1N 5UA.



COMMODITIES AND AGRICULTURE

Opec production 9% over quota

By Mex Wilkinson

THE 13 members of the Organisation of Petroleum Exporting Countries were producing an average of 21.3m barrels a day in July, some 9 per cent more than their self-imposed quota, according to the Paris-based International Energy Agency.

In its Monthly Oil Market Report, the agency shows that the main over-producers continued to be Kuwait and the United Arab Emirates. According to IEA estimates, Kuwait produced an average of 1.8m b/d in the month, which was 64 per cent more than its quota.

Kuwait, however, refused to be bound by the quota agreed on its behalf at the group's last

meeting in June. The UAE, which has been a persistent over-producer within Opec, was said by the IEA to be pumping 1.8m b/d in July, or 73 per cent more than its quota.

However, most analysts have said that some "institutionalised cheating" was an implicit part of the Opec agreement.

Cambridge Energy Research Associates, the US based consultancy, for example, believes that a "tolerable level" of over-production would be between the range of 950,000 b/d to 1.5m b/d, with Kuwait and the UAE each over-producing by between 300,000 b/d and 500,000 b/d.

Excess production above this range would push interna-

tional oil prices down into the \$14 to \$17 per barrel range, CERA said in its last World Oil Watch, a briefing for clients.

Some over-production in August was generally considered tolerable because of the tendency in late summer to start rebuilding stocks for the Northern winter.

The IEA expects consumption in the industrial world to rise in the third quarter of 1989

by 1m b/d, or about three per cent compared with the figure for the same period last year.

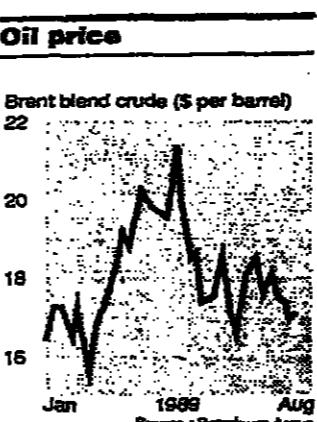
North American consumption is expected to rise about two per cent "with moderate increases in all products" with a 3.5 per cent rise in Europe.

"With very low heating oil deliveries in Germany so far this year, consumer stocks are thought to have been drawn down to relatively low levels," the IEA said.

The IEA believes consumption in the far east will rise by about 4 per cent or 200,000 b/d in the third quarter.

For 1989 as a whole, the IEA is now predicting total oil consumption by the non-communist world at 52.1m b/d, 2.4 per cent more than in 1988. This forecast is little changed from the IEA's last estimate in June.

The agency believes that oil stocks in the industrialised world rose by 300,000 b/d in the second quarter of 1989. It said preliminary data for the quar-



ter indicated total stocks on land on July 1 were 447m tonnes, about 4m tonnes below the level at the same time last year.

strongly denied by the authorities which claim "there is no evidence to support this view."

• Statoil yesterday said production on its Gullfaks A platform had resumed, reports Renter from Oslo.

A company official said production resumed on Wednesday at the production and processing platform, which normally pumps 280,000 barrels of oil and 3.5m cubic metres of gas per day.

After the first automatic shutdown on Saturday the platform was briefly brought back into production but closed down again on Sunday for a more thorough check.

Sugar market may be dominated by small buying group

By Richard Mooney

A SMALL group of large potential buyers holds the key to prospects for the world sugar market over the next few months, according to E D & F Man, the London trade house.

"The market could go up if India, the USSR or China buys," Man says in the latest edition of its Sugar Situation report, published today. "On the other hand it could retreat if none of the above buys."

But the report says that the "downside potential" is limited in view of the overall tightness of supplies and a conservative EC export potential.

Man notes that attention has been focused on India for some months as a potential buyer of bulk whites. "Because its production appears to be tailing off to between 8.8m and 8.7m tonnes with its consumption moving towards the 9.7m to 10m tonne mark."

So far, however, there has been little sign of Indian import demand "other than rumour and speculation," and Man suggests that at current market levels the authorities there "would rather restock than import sugar."

In contrast continued Soviet offtake has contributed to the "additional demands on stocks which have exacerbated the underlying tightness."

Man suggests that world sugar production in 1989-90 will rise by about 2.5m tonnes, but forecasts that rising consumption will result in another season of supply deficit and, therefore, "further stocks draw-downs." It warns however, that this is a tenuous assessment - its first formal projections for the 1989-90 season, together with revised estimates for 1988-89, are to be published next month.

"Continued dry weather conditions have generated concern for the progress of the EC crop," the report says. "Farmers in France and the UK have been particularly vociferous about the potential fall in their sugar yields and we have marked down the crops in both."

In major sugar producing regions of the Soviet Union, however, Man says crop conditions have been favourable.

OAU calls for price stabilisation scheme

THE Organisation of African Unity (OAU) endorsed a report calling for the introduction of a scheme to stabilise world commodity prices at its recent summit, reports Renter from Addis Ababa.

This would include a proposed price band designed to provide stable prices with guaranteed floor levels for Africa's leading or strategic commodity exports. "Such a scheme should have a built-in guaranteed price for each commodity as well as a further price mechanism which should be used to intervene in the market to regulate the price fluctuations of these commodities at any given time," the proposal said.

The proposal was outlined in a memorandum drawn up by the OAU's steering committee and adopted at the July 24-25 summit.

It was written for submission to a United Nations group of experts set up in May 1988 to carry out an assessment of Africa's commodity problems. The group, headed by former Australian prime minister Mr Malcolm Fraser, held its first meeting last April and met again here shortly before the summit.

The report also proposed measures ranging from scrapping all tariff and non-tariff barriers against African commodity exports to moving processing plants to Africa.

It declared the loss of income suffered from falls in prices for African commodities was not adequately covered by existing compensatory measures such as the Stabex scheme of the European Community's London Convention on aid and trade and the Compensation and Contingency Financing Facility of the International Monetary Fund.

It called for a Global Commodity Mechanism to guarantee stable prices via compensation in foreign currency and not in local currency.

It also proposed the establishment of an African Commodity Exchange to enable producers, with intergovernmental backing, to consult on production, storage, offers and bargaining strategy.

Meanwhile efforts should be made to stimulate world economic growth to enhance demand for Africa's exports, and to strengthen existing commodity agreements.

Following last month's failure to renew the International Coffee Agreement, the International Natural Rubber Agreement is now the only global commodity pact operating with economic provisions. Similar agreements, using export quotas or buffer stocks to regulate prices, have collapsed in recent years.

Statoil faces reprimand over North Sea gas leak

By Karen Fossli in Oslo

THE Norwegian Petroleum Directorate (NPD), Norway's watchdog over oil activities, is expected today in a report to issue a sharp reprimand to Statoil, the Norwegian state oil company, for neglect which caused a "serious" gas leak last Saturday.

The leak forced oil and gas production at the Gullfaks A platform in the Norwegian North Sea to be shut down until Wednesday and endangered the lives of 240 personnel on the platform at the time of the incident.

Officials at the NPD said that due to special activities in the area production from the platform was temporarily shut

down.

However, when production was re-started there were a couple of valves which had not been closed when they should have been.

A combination of a large volume of oil flowing at extreme pressure forced a rupture in two lines, one in the area of the flare, where some production is burned off.

Sand carried through the pipes caused a sand-blast type effect, and eroded bends in the lines also contributed to the ruptures.

The NPD has launched an investigation into the incident and yesterday said that it had gathered about 95 per cent of the information it needed to decide that the incident was not caused by faulty equipment but with the way it's being operated and maintained.

According to NPD officials there are still questions surrounding the reasons why the valves were left unopened. This year there have been 27 incidents involving gas leaks on platforms in the Norwegian North Sea.

Of the total three have been classified as "serious" by the authorities, including the Gullfaks incident. The two others took place on the Statfjord A and Ekofoisk 2/4 platforms in January and April respectively.

In all 10 gas leaks have been reported this year at the Statfjord field and 10 at the Ekofoisk fields, both of which are among Norway's oldest production facilities.

Gullfaks currently produces on average 270,000 barrels a day.

The NPD stressed, however, that based on what it currently knows there is no need to change existing regulations but that the integrity of production facilities may have to be assessed at more regular intervals.

Labour unions in Norway claim the incident was a direct result of reduced manning on the platform but this has been

strongly denied by the authorities which claim "there is no evidence to support this view."

• Statoil yesterday said production on its Gullfaks A platform had resumed, reports Renter from Oslo.

A company official said production resumed on Wednesday at the production and processing platform, which normally pumps 280,000 barrels of oil and 3.5m cubic metres of gas per day.

After the first automatic shutdown on Saturday the platform was briefly brought back into production but closed down again on Sunday for a more thorough check.

It isn't only girls who want to make friends with diamonds

Kenneth Gooding reports from Oranjemund, Namibia on the problems a mining company has in protecting its gems

NOWHERE IN the world is the boom in demand for gem diamonds having more impact than here on Namibia's diamond coast. For example, CDM, the De Beers subsidiary which operates the vast mine at Oranjemund, has decided to bring into operation two new projects. On the darker side, there has been a noticeable increase in diamond thefts from the mine.

Last year, CDM recovered stolen diamonds worth R9.2m (about US\$6m) and its security people believe this was only a very small percentage of the value of stones smuggled out of the mine.

Such is the temptation provided by these small but highly valuable objects that someone even robbed the safe at police headquarters, where recovered diamonds worth R2.1m were stored. The local police chief has been arrested and is on trial for this alleged offence.

Another indication of increased activity by the dia-

mond-stealing syndicates at work here is the drop in the number of bonuses paid to employees who pick up stones and hand them in. Many of the heavy diamonds of sand they way down through the beach-sand in the bed-rock beneath.

After earth-moving equipment has removed the sand, gangs of men literally use brushes and shovels to clean out the apertures. Sweepers are offered hefty bonuses if they find any diamonds — payments which can substantially increase their pay, which is a minimum of R533 a month.

Last year, more than 8,000 "pick-up bonuses" were paid. By the end of June this year, there had not been one.

Oranjemund has the severest security problem of any diamond mine in the Western world because of its awe-inspiring size and the fact that 98 per cent of its stones are of gem quality. CDM's lease area stretches for about 150 km along the coast from where the

Orange River meets the Atlantic Ocean and 100 km inland. Vast amounts of material have to be shifted to recover the diamonds — 1,750 tonnes of sand to produce 25 carats of rough diamonds weighing about five grammes.

There is a fleet of 336 earth-moving machines, including a mammoth bucket-dredger which shifts one million tonnes of sand a month, and 1,300 light and heavy commercial vehicles which never leave the secure part of the mine.

Security is stringent. Anybody entering Oranjemund is selected to a randomly selected body-search or X-ray. Helicopter and vehicle patrols are conducted both day and night. Mr Keith Whitelock, the general manager, says lightly: "We actively discourage the keeping of carrier pigeons or model aircraft."

The rewards for those who succeed in smuggling out diamonds are great and the penalty for capture relatively small. Recent court cases have seen offenders fined R200,000 for thefts of diamonds worth more than R1m.

"Thieves" syndicates usually pay the fines for those of their number who are caught and make sure their families do not suffer.

One CDM security official suggests that the ringleaders, who do not themselves carry stones but pay those who steal them and those who smuggle out parcels of gems, have become more blatant in recent months. "There are cars parked in the car parks far beyond the means of the people who own them. If I had my way, they would be kicked out as undesirables. But the law does not permit that."

Smuggled diamonds usually find their way into the normal trading system in Windhoek, Namibia's capital, which has become an even more important centre since CDM set up a R10 sorting and valuation subsidiary there last year.

Last year, official output of the Oranjemund mine was

334,242 carats, down from just over one million carats in 1987. Mr Whitelock says that the aim is to keep annual production between 600,000 and one million carats for the next 10 years.

To help maintain output, two new mines are being developed. The first to come on stream will be the Auchas mine, on an ancient river-bed between the Richtersveld Hills and the Orange River, 40 km from Oranjemund.

At present, there is not much to be seen at Auchas but a number of huts painted light green because locals believe this colour repels flies. The huts contrast sharply with the deep ochre colour of the sandy soil. Two huge 30-metre-deep gashers in the earth show where CDM has been testing the area.

The mine is now likely to come into production slightly ahead of the scheduled date of July next year.

CDM's second new mining project, to recover smaller gem diamonds at Elizabeth Bay, south of Luderitz, is scheduled to start in mid-1991 at an annual rate of 250,000 carats. Development will cost R135m.

All this assumes that Namibia's move towards true independence from South Africa will not alter CDM's plans to any great extent.

The company contributes between 10 and 15 per cent of Namibia's gross domestic product and accounted for 26 per cent of its export income last

year, as well as paying R155.9m in taxes (13 per cent of all Namibian taxes paid in the period).

Talks have already been held about CDM in London by De Beers' Central Selling Organisation (Swapo), which seems likely to win the election in November. Swapo has indicated it would not nationalise CDM but most observers expect it would want to take a substantial interest in the company.

The political uncertainty is naturally causing some unease at Oranjemund, a CDM-owned town of 9,500 people. Senior staff with long service are particularly worried and wonder what their future will hold.

They do not expect the transition to "bring severe disruption. But if a major threat does materialise, they are only four kilometres from the South African border and, as one said, "we will swim the Orange River to get there if necessary."

WORLD COMMODITIES PRICES

US MARKETS

IN THE METALS, prices advanced in most markets as concerns of the US hostage situation continued to cause nervous trading, reports Draxel Burnham Lambert. In the softs, sugar futures posted modest gains, gains following a firm London market. Early trade selling kept cocoa prices lower. Coffee closed up despite origin settling. The grains were all lower with the soy complex posting the biggest declines. Soymilk futures were the most active, falling 53 basis points. Spillover selling pushed the wheat and corn lower. In the livestock, pork bellies and hogs gained support from higher cash prices. Cattle closed unchanged after sideways action. Cotton prices eased on late day commission house selling. The energy complex was choppy as many await the outcome of the US hostage situation.

COPPER 25,000 lbs; cents/lbs

Close	Previous	High/Low
Aug 12.65	11.30	11.20 11.60
Sep 11.25	11.20	11.20 11.20
Oct 11.70	11.20	0 0
Dec 10.25	10.80	10.80 10.80

CRUDE OIL (Light)

LONDON STOCK EXCHANGE

Equities wrestle with Footsie 2,300

TAKEOVER developments and speculation again provided the main features yesterday in a London stock market still apparently uncertain about the deeper investment fundamentals.

One of the current question-marks in the marketplace was eliminated when GEC/Siemens apparently sealed the fate of Plessey, the electronics/defence group, with a new bid worth £2m. BAT Industries, however, continued to fall away as doubts over the outlook for the bid from the consortium headed by Sir James Goldsmith深ened.

It was another erratic session, with the Footsie Index

Account Dealings Dates	
First Dealings	Jul 17
Jul 31	Aug 14
Options Dealings	Jul 27
Aug 10	Aug 21
Last Dealings	Jul 26
Aug 11	Sep 1
Actual Date	Aug 7
Aug 21	Sep 11

These dates may take place from 2-6 days earlier.

See page 22 for details.

<small

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Int'l	Cust	Corp.	Ref	Offer	+ or -	Yield	Int'l	Cust	Corp.	Ref	Offer	+ or -	Yield	Int'l	Cust	Corp.	Ref	Offer	+ or -	Yield	Int'l	Cust	Corp.	Ref	Offer	+ or -	Yield	Int'l	Cust	Corp.	Ref	Offer	+ or -	Yield
Windstar Trust	Mitras	Ltd	C2206F	01-408 5531																														
Elk Investors	London	FCM	77	52.69	51.67	77.1	52.39	Elk Investors	London	FCM	77	52.69	51.67	77.1	52.39																			
Capital & Equity			54.01	51.67	51.67	51.67	51.67	Capital & Equity			54.01	51.67	51.67	51.67	51.67																			
Euroinvest			51.72	53	72.52	77.2	51.72	Euroinvest			51.72	53	72.52	77.2	51.72																			
Growth Fund			50.82	50.53	50.53	50.53	50.53	Growth Fund			50.82	50.53	50.53	50.53	50.53																			
Growth Acc.			50.79	50.53	50.53	50.53	50.53	Growth Acc.			50.79	50.53	50.53	50.53	50.53																			
Property Share			50.52	50.52	50.52	50.52	50.52	Property Share			50.52	50.52	50.52	50.52	50.52																			
5th Annual Int'l			50.51	50.51	50.51	50.51	50.51	5th Annual Int'l			50.51	50.51	50.51	50.51	50.51																			
International			50.51	50.51	50.51	50.51	50.51	International			50.51	50.51	50.51	50.51	50.51																			
Wright Seligman Fund Manager Ltd	CIO	101000																																
11 Birkbeck St, London	FCM	747	51	51	51	51	51	11 Birkbeck St, London	FCM	747	51	51	51	51																				
Westgate Fund	London	FCM	747	51	51	51	51	Westgate Fund	London	FCM	747	51	51	51	51																			
The Yorkshire Unit Trust Managers Ltd	CIO	110000																																
Woodhouse Plc	Fancy Ass.	Holdings Ltd	0408	620250																														
Yorkshire Central			51.65	51.65	51.65	51.65	51.65	Yorkshire Central			51.65	51.65	51.65	51.65	51.65																			
5th Annual Int'l			51.65	51.65	51.65	51.65	51.65	5th Annual Int'l			51.65	51.65	51.65	51.65	51.65																			
5th Annual Int'l			51.65	51.65	51.65	51.65	51.65	5th Annual Int'l			51.65	51.65	51.65	51.65	51.65																			
5th Annual Int'l			51.65	51.65	51.65	51.65	51.65	5th Annual Int'l			51.65	51.65	51.65	51.65	51.65																			
5th Annual Int'l			51.65	51.65	51.65	51.65	51.65	5th Annual Int'l			51.65	51.65	51.65	51.65	51.65																			
5th Annual Int'l			51.65	51.65	51.65	51.65	51.65	5th Annual Int'l			51.65	51.65	51.65	51.65	51.65																			
5th Annual Int'l			51.65	51.65	51.65	51.65	51.65	5th Annual Int'l			51.65	51.65	51.65	51.65	51.65																			
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5th Annual Int'l			51.65	51.65	51.65	51.65	51.65	5th Annual Int'l			51.65	51.65	51.65	51.65	51.65																			
5th Annual Int'l			51.65	51.65	51.65	51.65	51.65	5th Annual Int'l			51.65	51.65	51.65	51.65	51.65																			
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5th Annual Int'l			51.65	51.65	51.65	51.65	51.65	5th Annual Int'l			51.65	51.65	51.65	51.65	51.65																			
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5th Annual Int'l			51.65	51.65	51.65	51.65	51.65	5th Annual Int'l			51.65	51.65	51.65	51.65	51.65																			
5th Annual Int'l			51.65	51.65	51.65	51.65	51.65	5th Annual Int'l			51.65	51.65	51.65	51.65	51.65																			
5th Annual Int'l			51.65	51.65	51.65	51.65	51.																											

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continued on next page

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	Bid	Offer	+ or -	Yield	Price		Bid	Offer	+ or -	Yield	Price		Bid	Offer	+ or -	Yield	Price		Bid	Offer	+ or -	Yield	Price		Bid	Offer	+ or -	Yield	Price			
Pioneer Mutual Insurance Co Ltd							Pioneer Mutual Life Ltd - Contd.						Prudential Assurance Co Ltd							Prudential Asset Management Ltd						Torché Restaurant (Edmonton) Limited						
Life Company Pl. N. America	121.2	124.2	-		051-023-6555		Prudential Investors II Life	120.1	122.4	-			Scotia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Managed Inv. & C. Fund	121.2	124.2	-				Egyptian	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Portuguese Inv. Fund	121.2	124.2	-				Equity	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Port Inv. Fund Inv.	121.2	124.2	-				Property	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Port Inv. Fund Inv.	121.2	124.2	-				Carriers	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Port Inv. Inv. Fund Inv.	121.2	124.2	-				Index Linked Gilt	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Port Inv. Inv. Fund Inv.	121.2	124.2	-				Energy Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Port Inv. Inv. Fund Inv.	121.2	124.2	-				Event Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Port Inv. Inv. Fund Inv.	121.2	124.2	-				Health Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Port Inv. Inv. Fund Inv.	121.2	124.2	-				Invest Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Port Inv. Inv. Fund Inv.	121.2	124.2	-				Industrial Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Port Inv. Inv. Fund Inv.	121.2	124.2	-				Invest Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Prudential Life Assurance Co Ltd	37-39	Prudential Best Inv. Fund	120.4	122.4		01-023-3124		Prudential Investors II Life	120.1	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited						
American Inv.	120.2	123.2	-				Egyptian	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Balances	120.2	123.2	-				Property	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
GIC Managed	120.2	123.2	-				Carriers	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Corporate Inv.	120.2	123.2	-				Index Linked Gilt	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Global	120.2	123.2	-				Energy Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Hugh Inv.	120.2	123.2	-				Industrial Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
UK Equity	120.2	123.2	-				Invest Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
UK Equity	120.2	123.2	-				Invest Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Prudential Life Assurance Co Ltd	37-39	Prudential Best Inv. Fund	120.4	122.4		01-023-3124		Prudential Investors II Life	120.1	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited						
American Inv.	120.2	123.2	-				Equity	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Balances	120.2	123.2	-				Property	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
GIC Managed	120.2	123.2	-				Carriers	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Corporate Inv.	120.2	123.2	-				Index Linked Gilt	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Global	120.2	123.2	-				Energy Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Hugh Inv.	120.2	123.2	-				Industrial Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
UK Equity	120.2	123.2	-				Invest Inv. Inst. Int.	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Prudential Life Assurance Co Ltd	37-39	Prudential Best Inv. Fund	120.4	122.4		01-023-3124		Prudential Investors II Life	120.1	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited						
American Inv.	120.2	123.2	-				Equity	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Balances	120.2	123.2	-				Property	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
GIC Managed	120.2	123.2	-				Carriers	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Corporate Inv.	120.2	123.2	-				Index Linked Gilt	120.4	122.4	-			Scandinavia Life Assurance Co Ltd - Contd.						Prudential Fund Managers Ltd						Torché Restaurant (Edmonton) Limited							
Global	120.2	123.2	-				Energy Inv. Inst. Int.	120.4	122.4	-			Sc																			

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TIME Cont.

DRAPERY AND STORES—Contd

Engineering

INDUSTRIALS (Miscel.)

INDUSTRIALS (Misc.) - Contd.

AMERICANS - Contd.										AUSTRALIA - Contd.																																																															
BUILDING, TIMBER, ROADS					DRAFFERY AND STORES					ELECTRICALS					GENERAL																																																										
High	Low	Stock	Price	+ or -	Div	Y'd	Cy'rs	High	Low	Stock	Price	+ or -	Div	Y'd	Cy'rs	High	Low	Stock	Price	+ or -	Div	Y'd	Cy'rs																																																		
25%	24%	Gen. Elect. b3c	\$4.1	+		3.0		25%	24%	APV 10p	15.2	-		25%	24%	Amherst Group Free A.	220	-	0.35		25%	24%	Metropac 15	22																																																	
56%	49%	General Hld Corp SI	47.0	-	3	30.6	-4.0	50%	49%	Berry 10p	2.0	-	0.0	50%	49%	Amherst Group 36	221	-	0.35		50%	49%	Metropac 36	22																																																	
30%	18%	Gillette SI	27.1	+		2.2		22%	21%	Bon-Vig 10p	2.6	-	0.0	22%	21%	Amherst Group 41	217	-	0.35		22%	21%	Metropac 41	21																																																	
67%	60%	Am First Sers Bk SI	66.2	-	6.0	5.7		22%	21%	British Ind 50 50	2.1	-	0.0	22%	21%	Amherst Group 42	217	-	0.35		22%	21%	Metropac 42	21																																																	
23%	16%	Greyhound SI	21.1	-	1.1	5.1	3.2	20%	19%	Joyce Chemists 50	1.9	-	0.0	20%	19%	Amherst Group 43	217	-	0.35		20%	19%	Metropac 43	21																																																	
14%	8%	Habro Inc 50c	12.4	-		1.6		18%	17%	Karren Phosf 10p	1.2	-	0.0	18%	17%	Lawson's 10p	21.0	-	0.0		18%	17%	Metropac 14	21																																																	
54%	32%	Honeywell SI	54.1	-	2.4	2.2	2.4	20%	19%	Colony 10p	1.5	-	0.0	20%	19%	Lazard Frères 10p	21.0	-	0.0		20%	19%	Metropac 32	21																																																	
21%	15%	Houston Inds 3	20.1	-		2.0		20%	19%	Copson (F) 5p	2.4	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 15	21																																																	
60%	45%	HSM Corp SI	68.1	-	4.4	4.5	4.5	20%	19%	Costain Grp 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 45	21																																																	
28%	18%	Holiday Storage & Svcs	55.8	-		2.7		20%	19%	Countryside Prop 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 18	21																																																	
22%	14%	Ingersoll Rand SI	28.1	-	1.5	5.1	2.7	20%	19%	Levitt Nichols 10p	2.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 14	21																																																	
33%	21%	Locomotive Co. SI	29.7	-	1.4	5.1	2.5	20%	19%	Longfellow 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 33	21																																																	
17%	11%	Lucas Star Inds 3	21.1	-	1.5	5.1	2.5	20%	19%	McGraw-Hill 50p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 11	21																																																	
17%	11%	Lucas Star Inds 3	21.1	-	1.5	5.1	2.5	20%	19%	McGraw-Hill 50p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 11	21																																																	
11%	7%	Love 50c	16.1	-		4.8		14%	13%	Mackay 10p	1.1	-	0.0	14%	13%	Lawson's 20p	21.0	-	0.0		14%	13%	Metropac 11	21																																																	
26%	17%	Manul. Hanover SI	25.1	-		8.2		14%	13%	McGraw-Hill 50p	1.1	-	0.0	14%	13%	Lawson's 20p	21.0	-	0.0		14%	13%	Metropac 17	21																																																	
21%	13%	Marshall Lynch SI	21.1	-		8.2		20%	19%	Douglas (Robt. M.)	47.0	-	2.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 13	21																																																	
21%	10%	Motes Inc	20.8	-		3.2		20%	19%	Dudson Group 5p	3.6	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 10	21																																																	
27%	18%	Morgan 1/2 SI	25.1	-		4.2		14%	13%	NBC 50p	1.1	-	0.0	14%	13%	Lawson's 20p	21.0	-	0.0		14%	13%	Metropac 18	21																																																	
34%	26%	NYTEX SI	47.3	-		5.4		14%	13%	Edmond Higgs 10p	3.8	-	0.0	14%	13%	Lawson's 20p	21.0	-	0.0		14%	13%	Metropac 26	21																																																	
24%	18%	PHL Corp 1	22.5	-		5.1		14%	13%	Emwin Group 10p	1.1	-	0.0	14%	13%	Lawson's 20p	21.0	-	0.0		14%	13%	Metropac 18	21																																																	
18%	10%	Pacific Agr. 10c	12.0	-		1.1		14%	13%	Erith 10p	1.1	-	0.0	14%	13%	Lawson's 20p	21.0	-	0.0		14%	13%	Metropac 10	21																																																	
27%	19%	Pacific Telco 54	24.5	-		6.8		20%	19%	Eve Group 10p	2.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 19	21																																																	
27%	16%	Pacific Telco 10c	24.5	-		6.8		20%	19%	Evered 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 16	21																																																	
25%	15%	Pall Corp 25c	19.1	-		4.8		20%	19%	Fairbar 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 15	21																																																	
39%	30%	Panhandle 83 1/3c	33.0	-		3.9		20%	19%	McFed. Housing 5p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 30	21																																																	
42%	28%	Quaker Oats 55	40.4	-		1.9		20%	19%	Freiman Group 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 28	21																																																	
32%	23%	Rey NY Corp 55	30.1	-		5.1		20%	19%	Freiman Group 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 23	21																																																	
15%	11%	Rockwell Int'l SI	13.7	-		3.6		20%	19%	Gifford 5p	0.9	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 11	21																																																	
35%	21%	Southwestern Bell 51	34.1	-		5.1		20%	19%	Gibbs & Ditch 10p	2.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 21	21																																																	
27%	17%	Sun Co Inc 51	22.1	-		5.1		20%	19%	Golds 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 17	21																																																	
30%	22%	TWR Int'l 62 1/2c	29.1	-		5.1		20%	19%	Gordon 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 22	21																																																	
22%	14%	TV Services 55	20.4	-		1.0		20%	19%	Graham Wood 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 14	21																																																	
26%	24%	Tennecon 55	36.4	-		5.3		20%	19%	Harman Inds 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 24	21																																																	
35%	28%	Texaco 56 2/3c	31.2	-		6.0		20%	19%	Hartfield Ests 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 35	21																																																	
28%	21%	Texas Insr 51	23.1	-		7.2		20%	19%	Hawthorne 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 21	21																																																	
17%	12%	Time Inc 51	58.1	-		0.7		20%	19%	Hawthorne 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 12	21																																																	
18%	16%	US Air 51c	16.5	-		2.4		20%	19%	Hewlett-Packard 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 16	21																																																	
20%	12%	Urb Technologies	20.0	-		5.1		20%	19%	Hicks 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 12	21																																																	
15%	12%	Urb Technologies	14.9	-		3.1		20%	19%	Hill & Williams 50p	2.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 12	21																																																	
15%	12%	U.S. West 5c	34.7	-		5.7		20%	19%	Hornbeam 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 12	21																																																	
24%	18%	Waste Management SI	34.1	-		4.9		20%	19%	Hornbeam 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 18	21																																																	
22%	15%	Western Union SI	18.1	-		2.7		20%	19%	Hornbeam 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 15	21																																																	
24%	16%	Whitman Corp	21.1	-		5.1		20%	19%	Hornbeam 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 16	21																																																	
36%	28%	Woolworth 55c	35.1	-		5.4		20%	19%	Hotels Amr Corp 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 28	21																																																	
18%	12%	W.R. Grace Corp F100	147.0	-		1.1		20%	19%	Hough Corp 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 12	21																																																	
42%	40%	Abbot Energy Corp	24.9	-		1.1		20%	19%	Hough Corp 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 42	21																																																	
16%	16%	Albany Barrick Res.	16.1	-		1.1		20%	19%	Lawrence (W. J. L.)	32.7	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 16	21																																																	
20%	10%	Amarmco	20.1	-		1.1		20%	19%	Lawley (J. L.)	14.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 10	21																																																	
34%	24%	Amrica Hedges	24.8	-		7.6		20%	19%	Lakey (J. L.)	14.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 24	21																																																	
31%	21%	Amrica Hedges	19.1	-		10.5		20%	19%	Lakey (J. L.)	14.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 21	10%	12%	B. Monreal I	17.1	-		6.1		20%	19%	Lakey (J. L.)	14.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 12	21	65%	58%	Nova Scot. 50c	95.0	-	1.7	9.2		20%	19%	MacAloone (A) Fred. 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 58	21
10%	12%	B. Monreal I	17.1	-		6.1		20%	19%	Lakey (J. L.)	14.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 12	21																																																	
65%	58%	Nova Scot. 50c	95.0	-	1.7	9.2		20%	19%	MacAloone (A) Fred. 10p	1.1	-	0.0	20%	19%	Lawson's 20p	21.0	-	0.0		20%	19%	Metropac 58	21																																																	

CANADIANS

BANKS, HP & LEASING

ESTRUTURA DE GRAMATICA

BEERS, WINES & SPIRITS DRAPERY AND STORES

BRABERY AND STORES

BEERS, WINES & SPIRITS		DRAPERY AND STORES												INSURANCES																
529	427 Alited-Lyons	o	523-1-1	15.0	2.2	3.8	13.5	185	140 Alan Paul Sp.	v	175	125	1.9	21.1	30	150 Decanics 2-2-p	v	24	B-	-	83	68 Worlster's Fds Sp.	v	154 Hanson	224	2-2	15.0	15.0	15.0	
529	526 Anheuser-Busch S1	v	526-1-1	7.2	1.1	1.5	1.5	405	314 Aleron 10p	v	359	102	2.3	3.5	11.5	50 Optim Group 10p	v	53	104 Optim Tech. I	v	192 97 Heron Park Pk. 10p	v	171 115 Hanco Pk. 10p	v	171 115 Hanco Pk. 10p	v	171 115 Hanco Pk. 10p	v	171 115 Hanco Pk. 10p	v
1098	793 Bass	v	1093-1-16	12.3	3.4	2.9	13.5	721	40 Amber Day 21-p	v	70	205	4.1	1.0	26.8	275 2020 Oxford Inst. 5p	v	40	102 576 3.9	v	104 Park Food 10p	v	204 169 Park Food 10p	v	204 169 Park Food 10p	v	204 169 Park Food 10p	v		
1098	160 Boddington	v	180-1	4.3	2.5	3.2	16.3	356	250 Aquascutum Sp.	v	350	105	1.1	1.4	19.4	235 205P & P 10p	v	219	1.1	3.0	6.8	1.8	1.1	163 728 Perkins Foods v	v	163 728 Perkins Foods v	v	163 728 Perkins Foods v	v	
190	135 Bulmer (H.P.) 5p	v	178-1	5.9	0.5	5.2	4	131	66 C.A. 5p	v	123	2	3.0	1.7	13.4	141	183 P-E Inst. 10p	v	254	1.1	4.5	3.9	2.4	1.6	143 111 Harrods Grp. 10p	v	143 111 Harrods Grp. 10p	v	143 111 Harrods Grp. 10p	v
190	192 Burtonwood Brewery	v	278-1	3.5	2.5	1.9	28.3	128	91 Ashurst (Lauria) 5p	v	99	253	2.3	3.2	15.3	390 283 Peppercorn Grp. 5p	v	375	17.5	3.2	2.7	21.5	15.6	198 Bassett Europa 24p	v	198 Bassett Europa 24p	v	198 Bassett Europa 24p	v	
450	403 Clark (Matthew)	v	440-1	13.0	9.0	4.0	1.0	360	199 Asprey	v	350	5-5	0.1	1.4	1.4	263 188 Penny & Giles Inst.	v	262	1.5	3.5	4.8	1.8	15.5	167 153 Smeeth Cartland	v	167 153 Smeeth Cartland	v	167 153 Smeeth Cartland	v	
450	279 Cheshire (A.J.) 5p	v	330-1	4.4	3.9	1.8	15.7	410	360 Austin Reed	v	407	9.0	2.1	2.9	21.8	46 244 Pericon 10p	v	42	17.5	4.2	4.1	13.1	1.1	148 149 Hawtai Whiting 5p	v	148 149 Hawtai Whiting 5p	v	148 149 Hawtai Whiting 5p	v	
231	210 Dev 4 5pc Co. Hatfield	v	210-1	4.1	2.5	2.0	1.0	259	211 Do. A.N.V.	v	256	9.0	4.7	1.0	1.0	582 575 Phillips Fin. 5%	v	582	1.1	0.5	1.4	1.1	1.1	67 70 Sutherland Ridge	v	67 70 Sutherland Ridge	v	67 70 Sutherland Ridge	v	
242	205 Ede & Sons Pop "A" 500s	v	266-1	11.3	3.4	2.4	16.3	116	198 Autostage 10p	v	110	6.5	1.1	7.9	15.8	512 571 Phillips Fin. 5%	v	512	1.1	4.4	4.8	20.3	20.3	291 205 Tate & Lyle	v	291 205 Tate & Lyle	v	291 205 Tate & Lyle	v	
455	355 Fuller S.T.A.	v	395-1	4.45	4.4	1.5	20.1	166	143 Beattie "J." 5p	v	143	3	4.5	2.5	13.0	378 298 Pinto Ridge 20p	v	357	16.5	5.1	3.2	8.1	145 103 7.25 Grp. Co. Pl. P.	v	145 103 7.25 Grp. Co. Pl. P.	v	145 103 7.25 Grp. Co. Pl. P.	v		
609	425 Grand Metrop. 500	v	598-1	1.1	15.0	2.9	3.4	124	77 Bedford (Wm) 5p	v	90	1.0	4.0	1.7	19.9	326 239 Do. "A" 20p	v	304	18.5	5.1	3.7	7.0	207 131 Tresco 5p	v	207 131 Tresco 5p	v	207 131 Tresco 5p	v		
338	258 Greenwich Whisky	v	338-1	17.25	2.0	2.0	13.3	297	170 Bentalls 10p	v	296	6	1.1	1.7	16.4	490 108 Plasmae 10p	v	122	4.2	2.7	4.6	10.6	159 131 Thornton 10p	v	159 131 Thornton 10p	v	159 131 Thornton 10p	v		
162	129 Do. 5.95pc Pfifel	v	158-1	5.95	0.5	5.0	1.0	185	127 Godecares Cos. 10p	v	185	5.56	0.3	4.0	1.0	278 220 Plessey	v	267	4.7	6.6	2.1	3.8	16.6	158 158 Unigate	v	158 158 Unigate	v	158 158 Unigate	v	
622	447 Greene King	v	528-2	8.7	3.0	2.2	16.1	151	81 Bls. Leigre (P) 10p	v	81	0.15	2.3	0	0	141 169 Presece 5p	v	114	1.1	2.0	2.0	2.0	2.0	428 528 Unigate	v	428 528 Unigate	v	428 528 Unigate	v	
574	329 Guinness	v	572-1	11.5	3.0	2.7	14.9	71	43 Bls. Barnards 10p	v	686	240 Body Shop Int. 5p	v	435	10.1-10	ah1.19 5.9 0.4 60.8	v	120	106.0 7.4 C. Co. Cr. Rd. P.	v	120	121.1 3.2 2.0 1.0	v	120	121.1 3.2 2.0 1.0	v	120	121.1 3.2 2.0 1.0	v	
161	161 Do. 54 pc Day Prf.	v	161-1	11.5	7.5	2.5	4.8	565	66 Bolton Grp. 5p	v	80	80	0.5	6.2	1.5	26.6	274 155 Procsys 5p	v	273	1.1	2.0	5.3	1.0	26.6	103 82 Wardell Roberts 10p	v	103 82 Wardell Roberts 10p	v	103 82 Wardell Roberts 10p	v
192	119 Do. 8 pc D.L. Barns	v	192-1	0.81	0.9	0.4	4.3	88	66 Bolton Grp. 5p	v	80	80	0.5	6.2	1.5	26.6	120 106.0 7.4 C. Co. Cr. Rd. P.	v	120	121.1 3.2 2.0 1.0	v	120	121.1 3.2 2.0 1.0	v	120	121.1 3.2 2.0 1.0	v			
238	135 Highland Oss. 20p	v	236-1	12.8	2.7	1.6	31.3	47	37 Brown & Jackson	v	47	1.1	2.0	2.7	1.6	19 51 Procsys Inc.	v	19	1.1	2.0	2.7	1.6	19 51 Procsys Inc.	v	19 51 Procsys Inc.	v	19 51 Procsys Inc.	v		
550	183 Macmillan-Glenlivet	v	450-1	10.88	5.7	0.3	14.1	213	155 Brown (N) 10p	v	182	1.1	5.0	1.4	27.5	589 159 R & I Info Sys. 5c	v	182	1.1	5.0	1.4	27.5	589 159 R & I Info Sys. 5c	v	182 159 R & I Info Sys. 5c	v	182 159 R & I Info Sys. 5c	v		
1900	1335 Headland Martin	v	1900-1	52.4	1.7	1.7	37.2	265	160 Burton Group 50p	v	263	1.1	18.4	3.1	4.3	10.2	579 275 Bocas Electronics	v	417	6.1	6.1	6.1	2.6	2.6	217 225 7.25 Grp. 10p	v	217 225 7.25 Grp. 10p	v	217 225 7.25 Grp. 10p	v
515	455 Mansfield Brewery	v	508-2	9.5	2.5	2.5	15.0	800	495 Cantors 20p	v	700	12.25	7.8	0.4	36.9	52175 1177 Do. 7pc D.L. 2009-14	v	52175	1.1	7.8	2.7	6.7	6.7	195 629 Hurlford Tech. 5p	v	195 629 Hurlford Tech. 5p	v	195 629 Hurlford Tech. 5p	v	
224	166 Marston Thompson	v	224-1	3.3	2.1	2.0	21.7	136	94 Do. "A" 20p	v	128	12.2	7.8	2.3	2.0	579 158 Shatell Telecom 5c	v	345	1.1	7.8	2.7	6.7	6.7	98 540 Shatell Wings 22c	v	98 540 Shatell Wings 22c	v	98 540 Shatell Wings 22c	v	
435	343 Merrydown Wine	v	430-12	4.0	2.0	1.5	17.0	235	158 Chelsea Man. 5p	v	50	3.0	2.1	8.0	7.6	82 427 Radameen Grn. 5p	v	435	1.1	7.8	2.7	6.7	6.7	46 311 Haynes 5p	v	46 311 Haynes 5p	v	46 311 Haynes 5p	v	
765	647 Maryland	v	763-1	19.0	1.5	1.5	17.0	443	338 Church	v	185	2.9	1.2	2.7	2.0	148 406 Suds 5p	v	904	1.1	12.63	1.1	3.4	20.7	144 245A Internat. 50c	v	144 245A Internat. 50c	v	144 245A Internat. 50c	v	
449	248 Scott & New 20p	v	362-1	3.0	18.8	2.8	17.7	205	158 Clinton Cards 10p	v	201	3.1	5.3	2.9	18.8	348 Past. Time Com. 5p	v	348	1.1	12.63	1.1	3.4	20.7	395 2386 WF Int'l.	v	395 2386 WF Int'l.	v	395 2386 WF Int'l.	v	
337	273 Vans Group 10p	v	318-1	3	12.5	2.7	27.4	169	1451 Casts Virella 20g	v	163	1.1	9.6	1.6	7.4	10.4	143 111 Riva Group 10p	v	229	1.1	3.3	5.3	1.6	15.3	223 1826 Archier (A.J.) 10p	v	223 1826 Archier (A.J.) 10p	v	223 1826 Archier (A.J.) 10p	v
363	295 Whitebread "A"	v	380-6	12.5	4.4	4.4	11.7	465	36 Calis Maser 450 50	v	400	1.1	10.8	1.7	1.7	1.1	163 111 Riva Group 10p	v	163	1.1	12.5	2.6	2.6	18.0	156 156 Archier (A.J.) 10p	v	156 156 Archier (A.J.) 10p	v	156 156 Archier (A.J.) 10p	v
494	412 Wm. & Dudley	v	448-1	7.0	4.2	2.1	1.5	465	36 Calis Maser 450 50	v	400	1.1	10.8	1.7	1.7	1.1	163 111 Riva Group 10p	v	163	1.1	12.5	2.6	2.6	18.0	558 558 Archier (A.J.) 10p	v	558 558 Archier (A.J.) 10p	v	558 558 Archier (A.J.) 10p	v
535	500 Young Brew "A" 50p	v	535-1	10.2	1.0	2.5	23.6	255	131 Colverson 50c	v	163	1.1	10.8	1.7	1.7	1.1	163 111 Riva Group 10p	v	50	1.1	1.2	3.2	0	0	250 2006 Stock Group 5p	v	250 2006 Stock Group 5p	v	250 2006 Stock Group 5p	v
455	455 Young "V. 50"	v	455-1	10.2	1.0	2.5	23.6	58	43 Conrad Conti 100c	v	51	1.1	10.8	1.7	1.7	1.1	163 111 Riva Group 10p	v	50	1.1	1.2	3.2	0	0	319 319 Arterton 50c	v	319 319 Arterton 50c	v	319 319 Arterton 50c	v
455	455 Young "V. 50"	v	455-1	10.2	1.0	2.5	23.6	272	254 Friendly Hotels 10c	v	261	1.1	2.7	2.6	1.7	1.1	163 111 Riva Group 10p	v	272	1.1	2.7	2.6	1.7	1.1	171 171 Beaufort 50c	v	171 171 Beaufort 50c	v	171 171 Beaufort 50c	v

BUILDING TIMBER ROADS

HOTELS AND CATERERS

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LEISURE

PAPER, PRINTING,
ADVERTISING - Contd

1989	Low	High	Stock	Price	+ or -	No.	Div	Cv	V.M.	P/E
1775	145	146	4 & 5 Star Inns	145	-	104	1.0	1.0	1.0	1.0
1776	245	246	4 & 5 Star Inns	245	-	105	1.0	1.0	1.0	1.0
1777	145	146	Airways 109	145	-	106	1.0	1.0	1.0	1.0
1778	305	306	109	305	-	107	1.0	1.0	1.0	1.0
1779	145	146	109	145	-	108	1.0	1.0	1.0	1.0
1780	222	223	222	222	-	109	1.0	1.0	1.0	1.0
1781	222	223	222	222	-	110	1.0	1.0	1.0	1.0
1782	275	276	Barr & T. A.	275	-	111	1.0	1.0	1.0	1.0
1783	245	246	245	245	-	112	1.0	1.0	1.0	1.0
1784	245	246	245	245	-	113	1.0	1.0	1.0	1.0
1785	245	246	245	245	-	114	1.0	1.0	1.0	1.0
1786	245	246	245	245	-	115	1.0	1.0	1.0	1.0
1787	245	246	245	245	-	116	1.0	1.0	1.0	1.0
1788	245	246	245	245	-	117	1.0	1.0	1.0	1.0
1789	245	246	245	245	-	118	1.0	1.0	1.0	1.0
1790	245	246	245	245	-	119	1.0	1.0	1.0	1.0
1791	245	246	245	245	-	120	1.0	1.0	1.0	1.0
1792	245	246	245	245	-	121	1.0	1.0	1.0	1.0
1793	245	246	245	245	-	122	1.0	1.0	1.0	1.0
1794	245	246	245	245	-	123	1.0	1.0	1.0	1.0
1795	245	246	245	245	-	124	1.0	1.0	1.0	1.0
1796	245	246	245	245	-	125	1.0	1.0	1.0	1.0
1797	245	246	245	245	-	126	1.0	1.0	1.0	1.0
1798	245	246	245	245	-	127	1.0	1.0	1.0	1.0
1799	245	246	245	245	-	128	1.0	1.0	1.0	1.0
1800	245	246	245	245	-	129	1.0	1.0	1.0	1.0
1801	245	246	245	245	-	130	1.0	1.0	1.0	1.0
1802	245	246	245	245	-	131	1.0	1.0	1.0	1.0
1803	245	246	245	245	-	132	1.0	1.0	1.0	1.0
1804	245	246	245	245	-	133	1.0	1.0	1.0	1.0
1805	245	246	245	245	-	134	1.0	1.0	1.0	1.0
1806	245	246	245	245	-	135	1.0	1.0	1.0	1.0
1807	245	246	245	245	-	136	1.0	1.0	1.0	1.0
1808	245	246	245	245	-	137	1.0	1.0	1.0	1.0
1809	245	246	245	245	-	138	1.0	1.0	1.0	1.0
1810	245	246	245	245	-	139	1.0	1.0	1.0	1.0
1811	245	246	245	245	-	140	1.0	1.0	1.0	1.0
1812	245	246	245	245	-	141	1.0	1.0	1.0	1.0
1813	245	246	245	245	-	142	1.0	1.0	1.0	1.0
1814	245	246	245	245	-	143	1.0	1.0	1.0	1.0
1815	245	246	245	245	-	144	1.0	1.0	1.0	1.0
1816	245	246	245	245	-	145	1.0	1.0	1.0	1.0
1817	245	246	245	245	-	146	1.0	1.0	1.0	1.0
1818	245	246	245	245	-	147	1.0	1.0	1.0	1.0
1819	245	246	245	245	-	148	1.0	1.0	1.0	1.0
1820	245	246	245	245	-	149	1.0	1.0	1.0	1.0
1821	245	246	245	245	-	150	1.0	1.0	1.0	1.0
1822	245	246	245	245	-	151	1.0	1.0	1.0	1.0
1823	245	246	245	245	-	152	1.0	1.0	1.0	1.0
1824	245	246	245	245	-	153	1.0	1.0	1.0	1.0
1825	245	246	245	245	-	154	1.0	1.0	1.0	1.0
1826	245	246	245	245	-	155	1.0	1.0	1.0	1.0
1827	245	246	245	245	-	156	1.0	1.0	1.0	1.0
1828	245	246	245	245	-	157	1.0	1.0	1.0	1.0
1829	245	246	245	245	-	158	1.0	1.0	1.0	1.0
1830	245	246	245	245	-	159	1.0	1.0	1.0	1.0
1831	245	246	245	245	-	160	1.0	1.0	1.0	1.0
1832	245	246	245	245	-	161	1.0	1.0	1.0	1.0
1833	245	246	245	245	-	162	1.0	1.0	1.0	1.0
1834	245	246	245	245	-	163	1.0	1.0	1.0	1.0
1835	245	246	245	245	-	164	1.0	1.0	1.0	1.0
1836	245	246	245	245	-	165	1.0	1.0	1.0	1.0
1837	245	246	245	245	-	166	1.0	1.0	1.0	1.0
1838	245	246	245	245	-	167	1.0	1.0	1.0	1.0
1839	245	246	245	245	-	168	1.0	1.0	1.0	1.0
1840	245	246	245	245	-	169	1.0	1.0	1.0	1.0
1841	245	246	245	245	-	170	1.0	1.0	1.0	1.0
1842	245	246	245	245	-	171	1.0	1.0	1.0	1.0
1843	245	246	245	245	-	172	1.0	1.0	1.0	1.0
1844	245	246	245	245	-	173	1.0	1.0	1.0	1.0
1845	245	246	245	245	-	174	1.0	1.0	1.0	1.0
1846	245	246	245	245	-	175	1.0	1.0	1.0	1.0
1847	245	246	245	245	-	176	1.0	1.0	1.0	1.0
1848	245	246	245	245	-	177	1.0	1.0	1.0	1.0
1849	245	246	245	245	-	178	1.0	1.0	1.0	1.0
1850	245	246	245	245	-	179	1.0	1.0	1.0	1.0
1851	245	246	245	245	-	180	1.0	1.0	1.0	1.0
1852	245	246	245	245	-	181	1.0	1.0	1.0	1.0
1853	245	246	245	245	-	182	1.0	1.0	1.0	1.0
1854	245	246	245	245	-	183	1.0	1.0</td		

WORLD STOCK MARKETS

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued on Page 37

NYSE COMPOSITE PRICES

Continued from previous Page																											
12 Month High	Low	Stock	Div.	Yld.	E	100s	High	Low	Close	Prev.	Chg's	12 Month High	Low	Stock	Div.	Yld.	E	100s	High	Low	Close	Prev.	Chg's				
8/ 6 RPC	20	23	71	71	71	71	71	71	71	-14	-14	11	84	SunMicro	1.08	2.8	46	11	10%	11	24	11	93	1%	11-1		
7/ 5 RPS H	38	66	145	5%	54	54	54	54	54	-21	-21	6	35	Sleepy	.20	2.2	20	3	4	4	4	54	58	1%	52	-1	
8/ 21 Recruit	1.21	2.03	237	57	50	44	44	44	44	-1	-1	115	61	StarStop	.20	2.2	20	3	4	4	4	24	13	1%	305	-1	
5/ 3 Recruit	1.55	1.7	14	1185	98	97	97	97	97	-11	-11	185	89	StarCh	.75	7.8	4,165	9%	95	95	95	29	16	1%	225	-1	
10/ 1 Recruit	1.55	1.7	14	1185	98	97	97	97	97	-11	-11	75	55	StarSel	.20	2.2	20	3	4	4	4	42	25	1%	265	-1	
6/ 4 Recruit	48	330	51	14	134	133	133	133	133	-1	-1	365	24	StoneCo	.72	2.7	5,172	37	45	45	45	55	54	1%	72	1	
7/ 4 Recruit	32	86	3,038	374	37	37	37	37	37	-1	-1	94	5	Strands	.20	2.2	20	3	4	4	4	54	54	1%	54	-1	
12/ 3 Recruit	1.1	1.3	14	185	185	185	185	185	185	-1	-1	142	104	StreCo	.40	1.1	12	157	12	12	12	12	105	15	1%	15	-1
2/ 5 Recruit	2.0	2.6	10	680	781	77	77	77	77	-1	-1	175	114	StreCo	.20	2.2	20	3	4	4	4	54	64	1%	64	-1	
1/ 3 Recruit	1.2	1.3	14	185	185	185	185	185	185	-1	-1	18	11	StreInt	.48	1.0	10	118	14	14	14	14	39	18	1%	205	-1
4/ 1 Recruit	10	2	15	2	15	2	15	2	15	-1	-1	28	15	StreSel	.40	1.5	15	23	23	23	23	28	28	15	1%	28	-1
17/ 5 Recruit	1.35	1.3	14	185	185	185	185	185	185	-1	-1	75	54	StreSel	.40	1.5	15	23	23	23	23	28	28	15	1%	28	-1
16/ 4 Recruit	1.72	1.1	14	185	185	185	185	185	185	-1	-1	125	97	StreSel	.10	1.5	15	23	23	23	23	28	28	15	1%	28	-1
12/ 5 Recruit	20	150	9	8	8	8	8	8	8	-1	-1	43	28	SunCo	.10	8.7	72	101	124	124	124	105	15	1%	15	-1	
16/ 1 Recruit	30	2.2	12	916	134	134	134	134	134	-1	-1	79	48	SunInt	.80	3.0	31	211	36	31	31	49	49	6	1%	6	-1
7/ 1 Recruit	1.56	1.2	15	6	124	124	124	124	124	-1	-1	42	23	SunInt	.50	2.3	24	362	70	70	70	77	77	77	1%	77	-1
7/ 6 Recruit	7	5	532	532	532	532	532	532	532	-1	-1	95	54	SunInt	.10	1.5	15	23	23	23	23	34	34	5	1%	5	-1
12/ 2 Recruit	1.78	1.2	9	13	142	141	141	141	141	-1	-1	25	20	SunInt	.80	2.0	16	125	24	24	24	24	24	24	1%	1	-1
7/ 4 Recruit	32	4.7	24	280	7	6	6	6	6	-1	-1	26	14	SunSel	.40	2.9	22	322	23	23	23	23	23	23	1%	1	-1
10/ 1 Recruit	20	15	16	185	185	185	185	185	185	-1	-1	135	85	SunSel	.40	1.3	13	22	15	15	15	15	15	15	1%	1	-1
6/ 4 Recruit	2.72	2.2	25	55	55	55	55	55	55	-1	-1	64	35	Syntax	.10	3.0	18	580	58	58	58	58	58	58	1%	58	-1
4/ 1 Recruit	2.28	1.5	297	651	51	51	51	51	51	-1	-1	52	30	Syntax	.08	2.7	23	503	52	52	52	52	52	52	1%	52	-1
17/ 7 Recruit	18	12	1783	5	74	74	74	74	74	-1	-1	23	13	Syntax	.08	2.7	23	503	52	52	52	52	52	52	1%	52	-1
3/ 3 Recruit	1.67	1.2	29	746	26	26	26	26	26	-1	-1	29	104	TCDY	.48	1.3	26	600	25	25	25	25	25	25	1%	25	-1
4/ 2 Recruit	1.60	1.2	29	568	568	568	568	568	568	-1	-1	164	85	TCDY	.40	2.5	9	111	154	154	154	154	154	154	1%	154	-1
40/ 2 Recruit	32	2.1	17	27	27	27	27	27	27	-1	-1	84	7	TCDW	.84	11	20	27	81	81	81	81	84	84	1%	1	-1
3-18 Recruit	165	73	3	38	73	73	73	73	73	-1	-1	44	30	TDCD	.50	3.0	18	580	58	58	58	58	58	58	1%	58	-1
8/ 5 Recruit	20	3.7	22	25	25	25	25	25	25	-1	-1	23	13	TDCD	.50	3.0	18	580	58	58	58	58	58	58	1%	58	-1
4/ 1 Recruit	1.25	2.5	10	297	651	51	51	51	51	-1	-1	42	23	TDCD	.50	3.0	18	580	58	58	58	58	58	58	1%	58	-1
17/ 7 Recruit	18	12	1783	5	74	74	74	74	74	-1	-1	27	14	TECO	.12	5.6	13	1111	27	27	27	27	27	27	1%	27	-1
15/ 1 Recruit	1.56	1.2	15	415	17	17	17	17	17	-1	-1	162	81	TEOF	.50	1.9	11	38	141	141	141	141	141	141	1%	141	-1
4/ 1 Recruit	1.21	1.2	21	27	27	27	27	27	27	-1	-1	104	52	TEOF	.10	12	20	81	81	81	81	81	81	1%	81	-1	
18/ 2 Recruit	1.2	1.2	78	745	204	204	204	204	204	-1	-1	22	18	TNP	.15	7.0	20	22	21	21	21	21	21	21	1%	21	-1
23/ 2 Recruit	1.2	1.2	78	745	204	204	204	204	204	-1	-1	49	40	TNP	.10	3.6	11	740	49	49	49	49	49	49	1%	49	-1
3-18 Recruit	165	73	3	38	73	73	73	73	73	-1	-1	33	17	TWS	.08	24	11	1100	33	33	33	33	33	33	1%	33	-1
8/ 6 Recruit	201	12	12	12	12	12	12	12	12	-1	-1	34	33	TWV	.00	33	33	33	33	33	33	33	33	33	1%	33	-1
21/ 2 Recruit	16	58	32	31	31	31	31	31	31	-1	-1	13	13	TZECB	.20	47	24	50	7	7	7	7	7	7	1%	7	-1
15/ 2 Recruit	16	58	32	31	31	31	31	31	31	-1	-1	42	21	TZECB	.20	4.8	1.5	2	2	2	2	2	2	2	1%	2	-1
22/ 2 Recruit	44	2.4	24	24	24	24	24	24	24	-1	-1	175	53	TZECB	.20	4.8	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	23	18	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	42	21	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	175	53	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	42	21	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	175	53	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	42	21	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	175	53	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	42	21	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	175	53	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	42	21	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	175	53	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	42	21	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	175	53	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	17	17	17	17	-1	-1	42	21	TZECB	.20	5.6	1.5	2	2	2	2	2	2	1%	2	-1	
15/ 1 Recruit	54	3.0	18	415	17	1																					

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise indicated, rates of dividend are annual distributions based on the last declaration.

a-dividend also *strike(s)*, b-annual rate of dividend plus stock dividend, c-liquidating dividend, d-called, e-new yearly low, f-dividend declared or paid in preceding 12 months, g-dividend in Canadian funds, subject to 15% non-residence tax, i-dividend declared after split-up or stock dividend, j-dividend paid this year, omitted, deferred, or no action taken at latest dividend declaration, k-dividend declared or paid this year, an accumulative issue with dividends in arrears, n-new issue in the past 52 weeks. The high-low range begins with the start of trading. d-next day delivery, P/E price-earnings ratio, r-dividend declared or paid in preceding 12 months plus stock dividend, stock split. Dividends begin with date of split, s-sells, dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date, u-new yearly high, trading halted, v-in bankruptcy or receivership or being incorporated under the *Bankruptcy Act*, or securities assumed by such companies, w-distributed, wl-when issued, wl-with warrants, x-ex-dividend or ex-rights, xdis-ex-distribution, xw-without warrants, y-ex-dividend and sales in full, yld-yield, sales in full.

OVER-THE-COUNTER

Stock	Div.	Sales	1896	High	Low	Last	Chng	Stock	Div.	Sales	100s	High	Low	Last	Chng	Stock	Div.	Sales	100s	High	Low	Last	Chng	Stock	Div.	Sales	1896	High	Low	Last	Chng
LAW Bd	30	110	291	29	291	29	+ 4	DekkE	151	16	473	227	261	271	+ 4	Kumbal	52	13	33	194	19	191	+ 1	RSE	39	21	145	145	145	+ 1	+
ADC	14	574	16%	16%	16%	16%	-	Dekkbn	156	13	63	311	31	31	+ 4	KunMin	25	20	104	104	104	+ 4	RainB	24	105	165	165	165	-		
ADT	10	639	52%	512	32	32	- 12	DelChm	36	19	223	28	27	27	-	Kinder	26	20	64	64	64	-	RainD	47	45	129	129	129	-		
AEF	11	2	16	16	16	16	-	DelCpt	52	10	217	7	63	63	-	Kinect	19	19	54	54	54	-	RainE	26	123	202	202	202	-		
ALC h	318	4	41	41	41	41	-	DepotY	52	8	3	32	31	32	+ 2	Kinect	10	607	54	54	54	-	RainF	47	45	129	129	129	-		
ALST	13	14395	12%	1214	12	12	- 2	Devon	11	55	15	15	15	15	-	Kinect	23	20	214	214	214	-	RainG	31	17	125	125	125	-		
AMT	771	8	61	61	61	61	-	Diagnos	52	22	248	75	75	75	-	Kinect	10	842	10	92	10	+ 1	RainH	12	11	15	15	15	-		
AMT	22	221	1-15	15	15	15	-	Dilev's	68	13	26	21	28	28	+ 4	Kinect	9	260	83	83	83	-	RainI	56	12	11	11	11	-		
AMT	5	13	20	19	19	19	-	Dilevson	13	10	62	62	62	62	-	Kinect	-	-	-	-	-	-	RainJ	56	12	11	11	11	-		
AMT	26	42	79	79	79	79	-	DilChm	24	109	24	20	20	20	+ 4	Kinect	12	6	20	20	20	-	RainK	56	12	11	11	11	-		
AMT	21	23	76	76	76	76	-	DilChm	18	260	21	21	21	21	+ 4	Kinect	15	102	111	111	111	+ 1	RainL	56	12	11	11	11	-		
AMT	10	755	4%	411-6	41	41	+ 3-16	Dilev's	88	20	100	100	100	100	-	Kinect	19	495	94	94	94	-	RainM	47	45	129	129	129	-		
AMT	53	374	15%	15%	15%	15%	-	Dilev's	20	38	59	59	59	59	-	Kinect	10	369	54	54	54	-	RainN	47	45	129	129	129	-		
AMT	16	371	15%	15%	15%	15%	-	Dilev's	20	9	205	20	20	20	-	Kinect	10	607	54	54	54	-	RainO	47	45	129	129	129	-		
AMT	14	1028	24%	23%	23%	23%	-	Dilev's	20	25	54	54	54	54	-	Kinect	23	21	214	214	214	-	RainP	56	12	11	11	11	-		
AMT	14	822	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	10	842	10	92	10	+ 1	RainQ	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	9	260	83	83	83	-	RainR	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	12	6	20	20	20	-	RainS	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	15	102	111	111	111	+ 1	RainT	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	10	842	10	92	10	+ 1	RainU	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	9	260	83	83	83	-	RainV	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	12	6	20	20	20	-	RainW	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	15	102	111	111	111	+ 1	RainX	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	10	842	10	92	10	+ 1	RainY	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	9	260	83	83	83	-	RainZ	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	12	6	20	20	20	-	RainA	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	15	102	111	111	111	+ 1	RainB	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	10	842	10	92	10	+ 1	RainC	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	9	260	83	83	83	-	RainD	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	12	6	20	20	20	-	RainE	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	15	102	111	111	111	+ 1	RainF	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	10	842	10	92	10	+ 1	RainG	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	9	260	83	83	83	-	RainH	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	12	6	20	20	20	-	RainI	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	15	102	111	111	111	+ 1	RainJ	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	10	842	10	92	10	+ 1	RainK	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	9	260	83	83	83	-	RainL	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	12	6	20	20	20	-	RainM	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	15	102	111	111	111	+ 1	RainN	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	10	842	10	92	10	+ 1	RainO	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	9	260	83	83	83	-	RainP	56	12	11	11	11	-		
AMT	14	1028	12%	12%	12%	12%	-	Dilev's	20	11	11	11	11	11	-	Kinect	12	6	20	20											

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AMERICA

Trade cautious before jobs figures

Wall Street

WITH attention on Wall Street firmly focused on today's release of July's unemployment data, yesterday's equity market was narrowly mixed in cautious trading, writes Karen Zager in New York.

The Dow Jones Industrial Average rose 4.17 points to close at 2,661.61. Volume was moderate, with 170.3m shares changing hands on the New York Stock Exchange. Advancing issues outpaced those declining by 849 to 623.

Among other important indices the Standard & Poor's 500 closed up 0.3 points at 344.74, the NYSE Composite was up 0.31 points at 1,920.09 and the AMEX Composite was up 1.34

points at 376.82.

The NASDAQ Composite rose 2.85 to 456.93, an all-time high.

In the debt market, profit-taking before the important employment data pushed the Treasury's benchmark 30-year bond down 2½ of a point.

The 0.1 per cent drop in June's leading economic indicators was too modest to move yesterday's markets. The July employment figures, released this morning, will provide the first broad-based look at the economic environment in July. If the increase in non-farm payroll is widely different from the expected 158,000, both bond and stock markets will react accordingly.

Among featured issues, Home Shopping Network

recouped some of its losses to trade up 5¾ at \$35. Shares in the company had fallen \$1 on Wednesday after a Florida court ordered the company to pay \$20m to GTE.

Amax, the natural resources group, lost 3¾ at \$25.50. The company has bid \$2.38billion for Falconbridge, the diversified Canadian mining company.

British Airways dropped \$1.20 to \$32.40 on the New York Stock Exchange, in spite of an increase of 18.5 per cent in first quarter pretax profits.

Bullish reports from analysts helped push Walt Disney shares to new highs, at \$120.75, up 8¾%.

Ashtead Oil added 3½% to \$38.75, Nicor gained 5½% to \$39.30 and Oracle Systems jumped \$1 to \$16.75. All three

benefited from being added to the S&P 500 index.

Warner Communications, ASA Limited and Ideal Basic Industries were removed from the S&P 500. All three have agreed to be taken over.

Warner was up 3½% at \$66.75.

ASA was down 3½% at \$66.75.

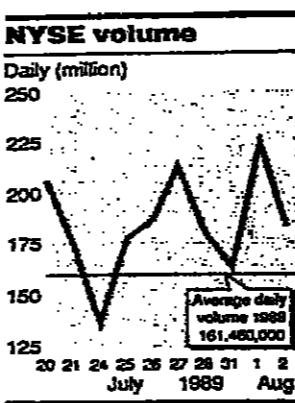
Ideal Basic plunged 3½% to \$17.50.

Boeing fell 5½% to \$50. It is being investigated for allegedly overcharging the US Department of Defense.

Di Giorgio, a food packing company, leapt 8¾% to \$34.75 after receiving a takeover offer of \$32-a-share.

Canada

THE key Bank of Canada rate rose to 12.40 per cent from 12.35 per cent, contributing to list-



less trading on the Toronto stock market while closed flat with the composite index up 0.5 at 3,581.0. Advances outpaced declines, 325 to 311, on volume of 28m.

General Oils rose 0.5% to C\$14.25 after gaining C\$1.50 on Wednesday, when it said it was reviewing potential buyers.

- reflecting the revaluation of assets and earnings in local currency terms as the Zimbabwe dollar depreciates.

There is no simple measure of market liquidity, but the

volume of funds seeking a

a bull market.

They took off in the second half of 1987, shrugged off the October crash, and have barely paused for breath since.

Although the failure of the Tabex issue surprised the market, there are signs that the best may soon be over.

The industrials index, comprising 48 companies, moved sharply higher immediately after independence in April 1980 to reach a peak of 487 in February 1981. It then went into prolonged decline,

reflecting the doubling of interest rates, growing doubts over

the Mugabe Government's economic policies, successive

droughts and world recession,

Zimbabwe \$ 2

Market capitalisation (Zimbabwe \$ billion)

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